

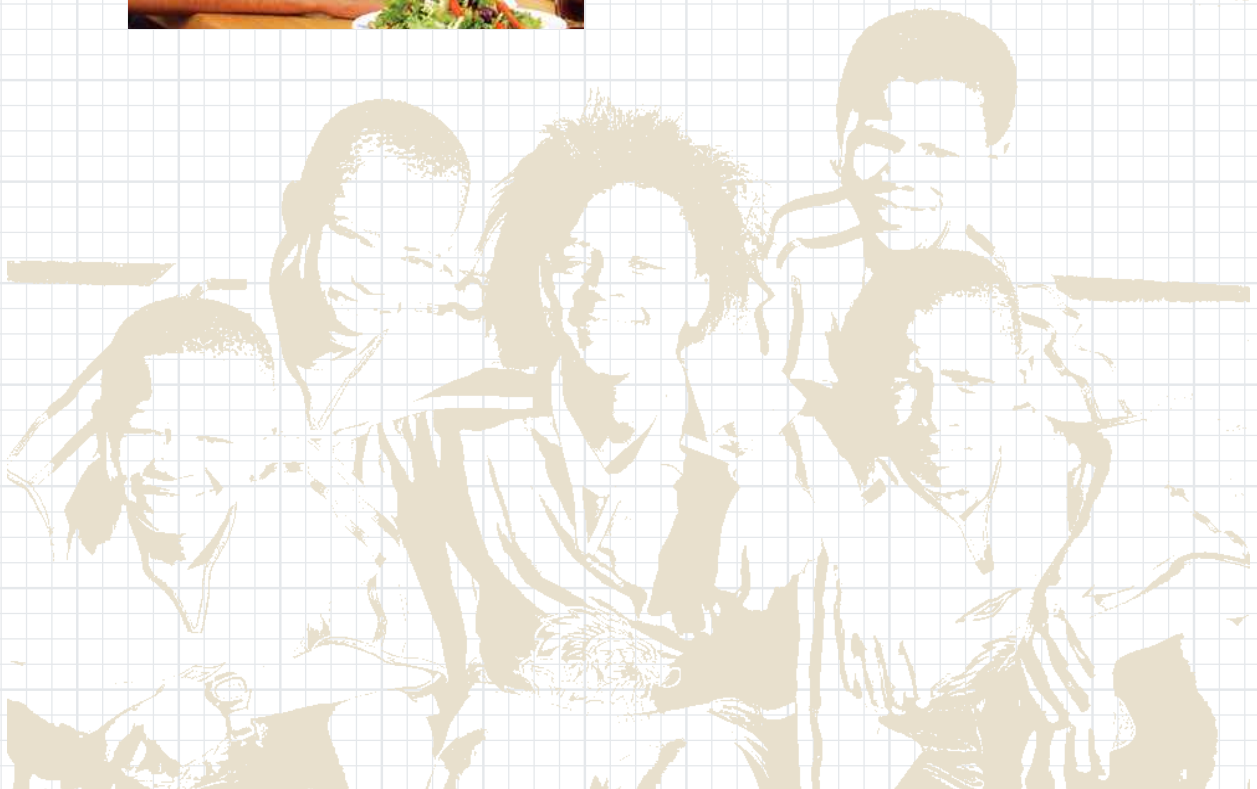
Annual Report

2008





People Pride Passion Plentiful





OUR **PROMISE**

Food is our passion. Welcoming you, our pleasure. And our greatest reward is presenting our delicious meals. Whether it's a Spur Burger, Panarottis Pizza or John Dory's Catch of the Day, our food is prepared to please and fulfil. Big on quantity, big on aroma and especially big on taste. When you meet at your home from home you are treated as family. We never hold back on our portions, our laughter, or our welcome. Nothing satisfies us more than pleasing you, our customer. This is our simple philosophy. We, the people of Spur.

Food is our passion.



...especially big on taste



We never hold back on our portions...



...you are always treated as family!

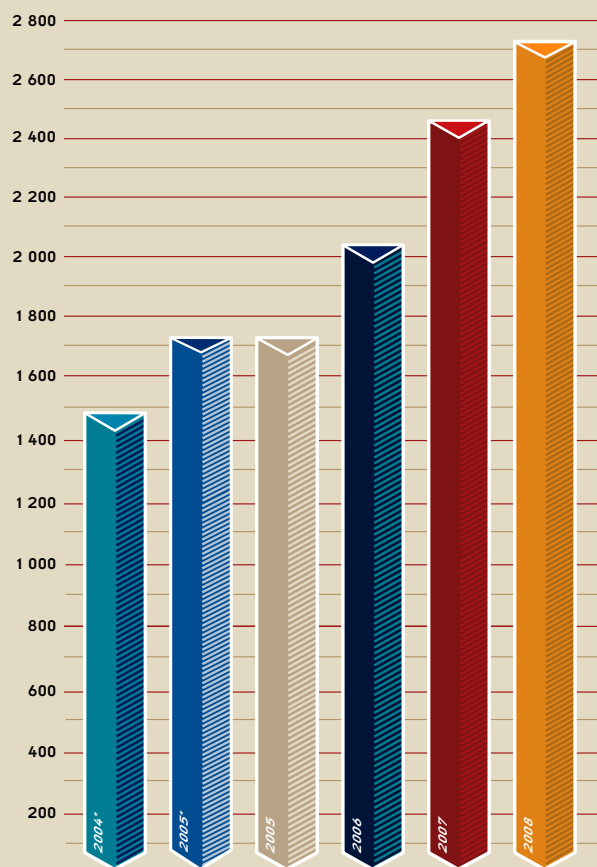
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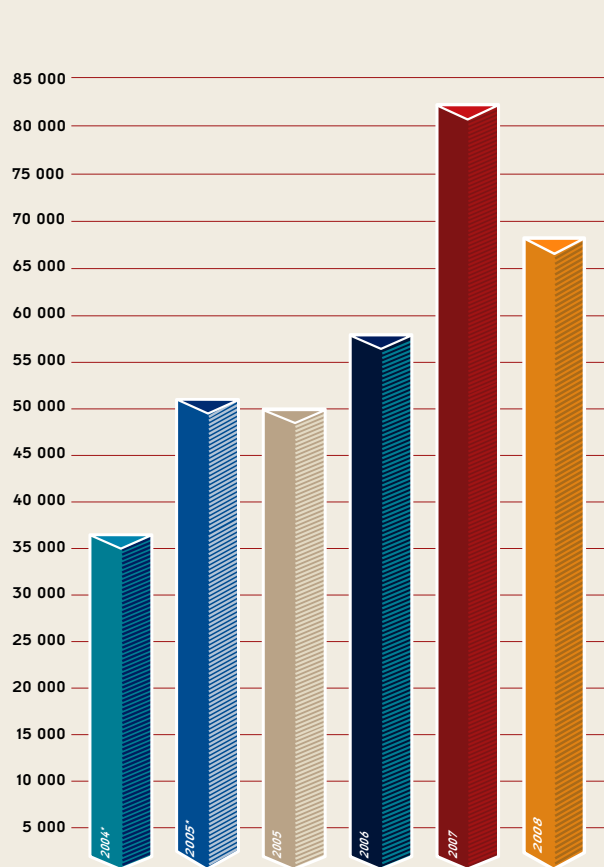
FINANCIAL HIGHLIGHTS

	2008	2007	% Change
Profit before tax (R'000)	90 094	92 995	-3%
As a percentage of revenue	30%	43%	
Profit after tax (R'000)	59 602	81 752	-27%
As a percentage of revenue	20%	38%	
Return on total assets	12.5%	16.2%	
Return on equity	15.9%	20.0%	
Cash and cash equivalents (R'000)	64 603	44 218	46%
STATISTICS PER SHARE			
Headline earnings (cents)	76.45	91.53	-16%
Distributions (cents)	55.00	55.00	
Distribution cover (times)	1.4	1.7	
Market price - 30 June (cents)	620	1 180	-47%
Price range (cents)			
- high	1 210	1 250	
- low	620	820	
Headline earnings yield (%)	12.3	7.8	
Distribution yield (%)	8.9	4.7	

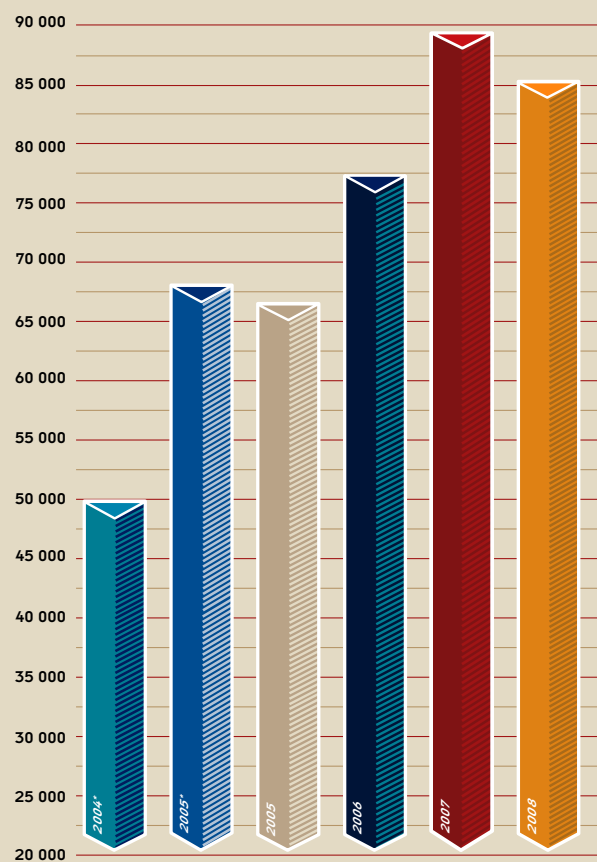
STORE TURNOVERS (R'm)



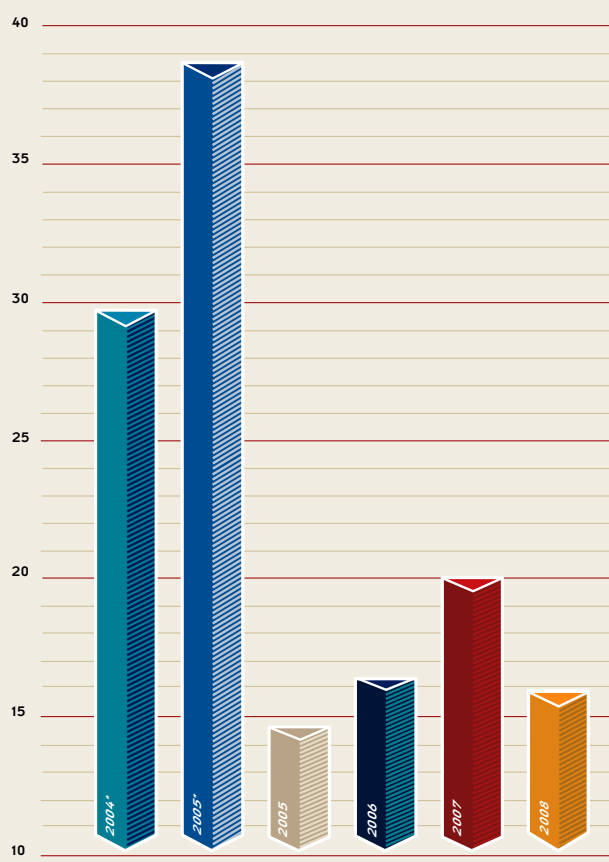
HEADLINE EARNINGS (R'000)



OPERATING PROFIT BEFORE FINANCE INCOME** (R'000)



RETURN ON EQUITY (%)



* Pre-IFRS adoption.

** Includes (loss)/income from associate companies.

CORPORATE PROFILE



Spur people...
people with a taste for life!



Panarottis... Big on Family.
Big on Pizza!



Everyone loves John Dory's!

VISION AND MISSION

Our vision is to build relationships with our staff, our customers, and our franchisees, through collaborative leadership.

Our mission is to be dedicated at all times to our customers and staff - to provide a taste for life for our customers and to be a great place to work for our staff. We are passionate people delivering great brands to our customers.

OVERVIEW

Spur Corporation is a multi-brand restaurant franchisor listed in the travel and leisure sector of the JSE Limited. Through its three restaurant brands - Spur Steak Ranches, Panarottis Pizza Pasta and John Dory's Fish & Grill - the group provides customers with a relaxed dining experience in a distinctly family-oriented environment, along with a compelling quality and value-for-money offering.

FROM SMALL BEGINNINGS

The group's heritage goes back 41 years to when Spur founder and current executive chairman Allen Ambor opened the Golden Spur in Newlands, Cape Town, in 1967. Over the past four decades the group has grown into one of the most recognised brands in the country and today Spur is proudly known as 'the official restaurant of the South African family'.

In December 1990 a second restaurant brand, Panarottis Pizza Pasta, was started. Applying the same principles that made Spur Steak Ranches a household name, Panarottis soon capitalised on the growing popularity of pizza and pasta.

The Spur Group was first listed on the JSE in 1986, at which stage it operated 43 franchised Spur Steak Ranch outlets. A major restructuring of the group was undertaken in 1999, which resulted in the formation and listing of Spur Corporation as we know it today.

November 2004 saw Spur Corporation purchase a 60% shareholding in John Dory's Fish & Grill, a KwaZulu-Natal based franchise comprising seven outlets. Founded eight years earlier as a predominantly seafood restaurant with trademark nautical decor, John Dory's has a distinctly Mediterranean culture and charisma. A further 5% interest was purchased in October 2006, with the group now owning 65% of the business.

FRANCHISING BUSINESS MODEL

The group's success can largely be attributed to the franchising business model which has been consistently applied from the outset.

Spur Corporation does not own and manage its restaurants in South Africa: it allows independent, entrepreneurial franchisees to run their own restaurant businesses and in return receives a franchise fee based on the turnover of each restaurant.

Spur Corporation provides extensive support to franchisees, including assistance with business plans and cash flow forecasts, site selection, lease negotiations and operational guidance with the opening of outlets.

An experienced operations team provides ongoing support to franchisees. This team is responsible for upholding the high quality of the brand and its products, as well as ensuring the franchisee builds and maintains a successful business.

In recent years the group has outsourced the national distribution of restaurant supplies from its manufacturing facilities to an independent distributor. This was done to ensure the consistent quality of all products in restaurants and to maintain the cold chain, while enhancing operating standards and improving efficiencies for the group and franchisees alike.

RESTAURANT EXPANSION

The group has seen sustained growth in its restaurant base in recent years and passed the 300 restaurant mark in early 2006. By 30 June 2008 this had increased to 343. There are 236 Spur Steak Ranches, 51 Panarottis Pizza Pasta restaurants and 21 John Dory's Fish & Grill outlets in South Africa. Internationally the group has 28 Spur Steak Ranches and seven Panarottis Pizza Pasta restaurants in Africa, Australia and the United Kingdom.

The rapid growth in the middle income market in South Africa - the primary target group of Spur - has led to opportunities for restaurants in new areas as population demographics have shifted. New shopping malls and entertainment centres also create scope for expansion, while store relocations and refurbishments provide an opportunity to increase customer volumes. Spur is constantly re-inventing and innovating to exceed customer expectations.

	Spur Steak Ranches	Panarottis Pizza Pasta	John Dory's Fish & Grill	Total
South Africa				
Eastern Cape	22	7	1	30
Gauteng	122	25	5	152
KwaZulu-Natal	38	8	10	56
Western Cape	54	11	5	70
TOTAL SOUTH AFRICA	236	51	21	308
International				
Africa and Mauritius	17	3	-	20
Australia	3	4	-	7
United Kingdom	8	-	-	8
TOTAL INTERNATIONAL	28	7	-	35
TOTAL RESTAURANTS	264	58	21	343

Allen Ambor
EXECUTIVE CHAIRMAN



CHAIRMAN'S REPORT

INTRODUCTION

After several years of buoyant trading conditions, we witnessed a rapid slowdown in the economic environment over the past financial year. Several interest rate increases, together with spiralling food and fuel prices saw inflation reach its highest level in more than a decade, placing many South African consumers under financial stress.

Food price inflation in Spur measured close to 18%, the electricity crisis resulted in widespread power shortages in restaurants across the country, while rising transport and energy prices have added further cost pressures.

It is particularly pleasing that in this climate, Spur Corporation continued to grow our share of the family sit-down restaurant market in South Africa and beyond, a key benchmark of performance. Despite persistent challenges our group has accomplished a great deal over the past year. This included the expansion of the restaurant footprint locally and internationally, the restructuring of the operations in the United Kingdom and Australia, and increased investment in our brands.

After the year-end we have started to see signs that interest rates are stabilising and hopefully debt-strapped South Africans will be in for some relief from mid-2009 onwards. Fuel prices too have started to decline from their highs in mid-2008. Consumers will, however, take time to recover from the current cycle and we expect a time lag between interest rate cuts and an uplift in consumer spending. While any improvement in economic conditions is to be welcomed, local and global markets remain volatile. It is therefore difficult to predict knock-on effects to our economy.

Strategies have been developed to enhance the customer value proposition continuously and to assist franchisees by sourcing quality products at competitive prices through the group's procurement division. The directors and management anticipate that the group will deliver increased revenue and profitability in the year ahead.

FINANCIAL PERFORMANCE

Spur Corporation lifted revenue by 37.3% to R295.8 million, driven by strong turnover growth in the group's international operations. We also continued to show solid restaurant turnover growth in South Africa, highlighting the value of the Spur brand and the loyalty established with customers over the past four decades.

Franchise fee income in Spur Steak Ranches (local and international) rose by 10.3% to R111.4 million, Panarottis Pizza Pasta by 3.9% to R11.8 million and John Dory's Fish & Grill by 35.9% to R5.6 million. Details of the performance of the three restaurant brands are covered in the Managing Director's Report on pages 14 to 17.

While the challenges in the macro-economic environment are beyond our control, the group has taken decisive steps to manage the impact of these issues on franchisees to ensure long term sustainability. The group has continued to invest in procurement to limit the effect of high food inflation on franchisee profitability and facilitate sustained quality supply at best cost.

Our financial performance was negatively impacted on by operational losses and an impairment of assets totalling R9.2 million in an unsuccessful fish and grill pilot outlet in Australia. This contributed to a 4.5% decline in operating profit to R85.5 million (2007: R89.6 million). The group will not continue with this concept.



Earnings in the prior year benefited from a once-off tax credit of R16.6 million in the group's international operations. This contributed to the 16.5% decline in headline earnings in the current year to R67.4 million (2007: R80.7 million). Excluding this tax impact, headline earnings for the year increased by 5.1%.

Shareholders will again receive a distribution of 55 cents per share for the year.

INTERNATIONAL BUSINESS

International restaurants accounted for 30% of turnover in the past year as we started to realise the benefits of the investment made in group-owned outlets in the United Kingdom in recent years. Only two years ago the contribution from international operations was just 4%.

While franchising remains our core business model, we have invested in wholly-owned restaurants to accelerate growth in the United Kingdom and Australian markets. We plan to invest in the forthcoming years (focusing on substantial franchisee partners, who invest in and operate the franchised outlets personally), whilst continuing to develop our franchise base.

Our international division now comprises 35 restaurants, with 28 Spur Steak Ranches and seven Panarottis Pizza Pasta outlets. The ownership structure in these regions is as follows:

- United Kingdom: The group owns three restaurants and operates five franchised outlets.
- Australia: Three restaurants are company-owned, with the group holding a minority interest in a further three restaurants and one restaurant is fully franchised.
- Africa and Mauritius: All 20 restaurants are franchised.

PROSPECTS

Spur's new advertising agency DRAFT FCB is producing excellent memorable creative work for our brand, which is encouraging for future growth.

The recent substantial decrease in the world economy's trading patterns may bode well for our brands to expand, as rentals decrease and opportunities present themselves to top class operators.

The group plans to open 16 restaurants in South Africa in the 2009 financial year. We are also investigating opportunities across Africa, including Ghana, Kenya, Nigeria, Tanzania and Zambia, while continuing to explore potential in the Middle East. Further locations are being pursued in the United Kingdom and Ireland.

It should be reassuring to shareholders that the group has a stable management team, with the six executive directors each having an average of 24 years service with the group. This team has led the business through tough trading times in the past and has the experience and commitment to guide the group through the current trading cycle.

APPRECIATION

In closing, I extend my thanks to our managing director, Pierre van Tonder, and his management team for rising to the challenges over the past year. Thanks are also due to my fellow directors for their active participation in the business and our employees for their hard work and commitment.

Thank you to our shareholders, franchisees, suppliers, business partners and advisers for your ongoing support. Most importantly, thank you to our customers whose loyal patronage continues to make Spur the "official restaurant of the South African family".

Allen Ambor EXECUTIVE CHAIRMAN

SPUR CORPORATION

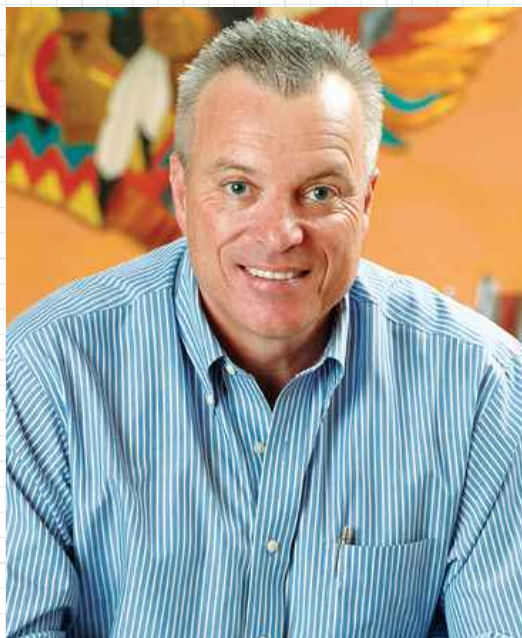
DIRECTORS

Allen Ambor (Age 67)
EXECUTIVE CHAIRMAN



After a short period overseas and working for two years, Allen decided to further his education and attained a BA degree at the University of Witwatersrand. Shortly thereafter he made the decision to start his own business. The doors of the first Spur Steak Ranch officially opened in Newlands, Cape Town, in 1967.

Pierre van Tonder (Age 49)
MANAGING DIRECTOR



Pierre joined the Spur group in 1982. His 26-year career with the group started when he was appointed as a manager of Seven Spur in Sea Point. Pierre was appointed as an Area Manager for Spur Steak Ranches in 1985. The next eleven years saw Pierre making fast progress up the management ladder. In 1996 he was appointed Managing Director of Spur Corporation.

Mark Farrelly (Age 44)
DEPUTY MANAGING DIRECTOR



Mark joined Spur Head Office in 1990 as an Area Manager. In 1993 he was transferred to Johannesburg. Mark was promoted to Regional Operations Manager in 1995 and appointed to the Board in 1999.

Kevin Robertson (Age 42)
EXECUTIVE DIRECTOR



Kevin joined Spur in 1987 as a waiter at Yellowstone Spur, Carletonville. By 1991 he had become an Area Manager at the Spur regional office in Johannesburg. Two years later, he was promoted to Regional Manager, KwaZulu-Natal. Kevin is Managing Director of the Panarottis Pizza Pasta franchise, and was appointed to the Board in 1999.

Phillip Joffe (Age 58)
EXECUTIVE DIRECTOR



Phillip studied at the University of Cape Town and obtained his CA (SA) in 1973. Phillip joined the Spur group in 1976 and has served as a member of the Board since 1986, where he continues his position as an Executive Director.

Ronel van Dijk (Age 36)
FINANCIAL DIRECTOR



Ronel qualified as a CA (SA) in December 1997. She spent a year working in the London office of Arthur Andersen & Co., after which she returned to Cape Town as audit manager with the firm. She left the firm, then KPMG Inc., and joined Spur Head Office as Group Financial Manager in January 2003. In January 2005, Ronel was appointed as Chief Financial Officer and Company Secretary, and she was appointed to the Board in September 2006.

Keith Madders (Age 60)
NON-EXECUTIVE DIRECTOR MBE (DEPUTY CHAIRMAN)



Keith was born in Zimbabwe, studied at the University of Cape Town and trained as an investment analyst before launching himself into the music industry. In 1976 Keith went to live in London, where he lectured and established various businesses as well as a number of successful charitable organisations working to relieve poverty in southern Africa. Keith was awarded an MBE in the Queen's 2002 Honours List for services to the Zimbabwe Trust.

Keith Getz (Age 52)
NON-EXECUTIVE DIRECTOR



Keith is a partner at Bernadt Vukic Potash & Getz attorneys, practising principally in the fields of corporate and commercial law. He is also a director of a number of companies.

Dean Hyde (Age 41)
NON-EXECUTIVE DIRECTOR



Dean completed a BCom at the University of Witwatersrand in 1988. He then studied at York University, Toronto, obtaining a CA Canada in 1991. He completed his articles with Grant Thornton International in 1993. He joined the Spur group in 1994 as Financial Manager, and in 1999 he was appointed Financial Director. In late 2004 Dean resigned as Financial Director and was appointed as a non-executive director. He also provides consulting services to the group.

John Rabb (Age 65)
INDEPENDENT NON-EXECUTIVE DIRECTOR



Having attained a BSc (agriculture) from Natal University, John spent three years in London with Marks & Spencer and then returned to South Africa to join the Wooltru Group where he served for over 30 years.



MANAGEMENT

Blaine Freer - DEVELOPMENT (AGE 43)

Blaine started his career as a waiter while in high school. He moved into management and became a partner in various Spur restaurants. He joined Head Office in 1998, after ten years as a Spur franchisee. He is responsible for the development of new restaurants and the relocation and revamping of existing outlets.

Britt Fuller - NATIONAL TRAINING (AGE 42)

Britt has almost 26 years of experience in the restaurant business, starting when she helped out in her mother's restaurant. Britt joined Spur almost 13 years ago and is currently responsible for national training.

Coleen Eva - GAUTENG MANUFACTURING FACILITY (AGE 57)

Coleen completed a one-year Diploma in bookkeeping and business economics at Modern Methods Business School in Johannesburg. She joined Spur in 1981 and is responsible for running the manufacturing facility in Gauteng.

Duncan Werner - PROCUREMENT AND DEVELOPMENT (AGE 48)

Duncan started out in the packaging business. He began his career at Spur as a waiter 24 years ago, and joined Head Office in 1988. Duncan is in charge of national procurement, Western Cape development and menu engineering. He also oversees the manufacturing facilities and Spur Décor.

Ian McMahon - GROUP INFORMATION TECHNOLOGY (AGE 40)

Ian has spent two decades with Spur, starting as a teenaged waiter in the mid-1980s. He has moved progressively through the ranks to the position of Head of Group IT. Ian looks after the group's technology needs and runs the in-house radio station, Taste FM.

Michele van der Merwe - SUPPLY CHAIN MANAGER (AGE 40)

Michele completed her Bachelor of Social Science degree in Durban, and thereafter numerous business management courses, a business management diploma, and first year MBA. She started her career in the automotive trade in Durban, and then moved to Johannesburg in 1999 into the food and beverage business. She joined the Spur group in May 2006. She is primarily responsible for managing the suppliers of restaurant products to the Spur group and ensuring a secure supply chain that minimises inefficiencies within the group.

Peter Wright - HUMAN RESOURCES (AGE 57)

Peter started as a waiter at Golden Spur in 1975. Over the next five years, Peter gained further experience at the Cape Town central kitchen, Midnite Grill and Hard Rock Café. Peter left the group for ten years but rejoined in 1991 and worked on developing Panarottis Pizza Pasta. Peter is head of Human Resources.

Phillip Matthee - CHIEF FINANCIAL OFFICER (AGE 30)

Phillip joined Spur in January 2007 as New Business Development Manager. He qualified as a CA(SA) in December 2002 after completing his articles at a Big Four audit firm. He worked for a further two years in the audit profession and then as Group Accountant for a large retail chain before joining Spur. In September 2008 Phillip was appointed group Chief Financial Officer.

Raymond Suter - REGIONAL OPERATIONS (AGE 43)

Raymond studied at Cape Technikon for two years. In 1987 he joined Spur as a trainee manager and in 1993 he was promoted to Area Manager. Raymond was appointed as Regional Operations Manager in 2002.

Sacha du Plessis - COMMERCIAL MARKETING MANAGER (AGE 30)

Sacha joined Spur in January 2007. He has a Honours degree in Business Management from the University of Stellenbosch. Sacha's role is the management of Group Marketing in order to build a strong brand portfolio based on market strategies that explore consumer insights to deliver profitable turnover growth in the Spur, Panarottis and John Dory's brands.

Stamatis Kapsimalis ("Kapsi") - MANAGING DIRECTOR JOHN DORY'S (AGE 41)

Kapsi tried his hand at a number of ventures before finding his niche in the fish and grill business, when he founded John Dory's Fish & Grill. The first restaurant opened its doors in 1996 in Musgrave Road, Durban. Kapsi managed to grow John Dory's Fish & Grill into a successful brand, comprising seven outlets in KwaZulu-Natal, before selling 60% of the business to Spur Corporation.



Pierre van Tonder
MANAGING DIRECTOR



MANAGING DIRECTOR'S

REPORT

OVERVIEW

Spur Corporation has continued to show solid restaurant turnover growth despite the current economic climate in which high interest rates and inflationary cost pressures have impacted disposable income levels in the group's target markets.

Group revenue increased by 37.3% to R295.8 million. Franchise fee income in Spur Steak Ranches (local and international) rose by 10.3% to R111.4 million, Panarottis Pizza Pasta by 3.9% to R11.8 million and John Dory's Fish & Grill by 35.9% to R5.6 million. The group's international operations contributed 29.6% of revenue (2007: 10.8%).

Spur Corporation increased its restaurant base to 343 across its three franchise brands locally and internationally following the opening of 17 new restaurants during the year. A summary of restaurant locations is presented on page 7.

SPUR STEAK RANCHES

During a particularly difficult year for the South African economy and consumer, Spur once again demonstrated its resilience, with local restaurant turnover for the financial year increasing by 8.6% to over R2 billion.

Spur opened 11 restaurants locally, completed nine major revamps and relocated six outlets from redundant to high profile sites in the same geographic and demographic areas.

Spur continues to broaden its footprint in the growing South African economy, opening restaurants in Soweto and Braamfontein, and has identified new opportunities in Hillbrow, Gugulethu and Atteridgeville.

A new leather bound menu was launched in October 2007, with a different layout and pictorial display. This was a profound shift from the traditional wooden menu boards. We now have far more flexibility in managing soaring food inflation, currently at 17.6%, and visually presenting our menu in a more effective fashion.



Spur won the Sunday Times Generation Next award for being the “Coolest place to eat out”. Spur also received The Star Leisure awards for “Best dinner on a budget”, “Best kids indoor party venue”, “Best children’s restaurant menu” and “Best franchise steakhouse”.

Spur has demonstrated its commitment to supporting franchisees during these difficult economic times by providing franchisees with training courses in basic operations. This has contributed to franchisees improving their gross margins by up to 2.5% and improving overall operating efficiencies. The group also limited price increases on certain products manufactured by its sauce factories, and invested further in procurement to limit the impact of high food inflation on franchisee profitability.

The launch of a revised Secret Tribe kids loyalty programme early in the new financial year is an exciting opportunity that we believe will contribute to improved restaurant turnover growth.

PANAROTTIS PIZZA PASTA

Panarottis restaurant turnover for the year grew to R198 million locally.

The Panarottis restaurant design specification was updated during the year. This stylish new design is anticipated to renew consumer interest in the brand and to set it apart from its competitors. Thirteen outlets have been upgraded to the new specifications and this has been favourably received. The revamp drive will be continued in the year ahead.

All training activities for franchisees and their employees have been substantially improved this year. These courses have been well attended during the year and we are realising the benefits of this in-store.

Panarottis was rated in the top ten of the “Coolest places to eat out” in the Sunday Times Generation Next Survey.



JOHN DORY'S FISH & GRILL

John Dory's again performed well, with restaurant turnover increasing by 23.4% on the prior year to R121 million. Two new restaurants were opened during the year.

The John Dory's restaurant design specification was updated during the year and now also includes a sushi belt. Seven restaurants were revamped to conform with the new design specification, with a further five planned for the new year. The new look has been well accepted by customers and franchisees alike, with the revamped restaurants showing an average improvement in turnover of 27%.

Innovative and exciting national campaigns offering excellent value for money for customers, have contributed to increased turnover from returning customers as well as attracting new customers.

Four new restaurants are planned for the new year, with several further possibilities being investigated nationally.

SPUR INTERNATIONAL

Our international division now comprises 28 Spur Steak Ranches and seven Panarottis Pizza Pasta outlets.

New Spur Steak Ranches were opened in Kampala, Uganda, and in Newry and Belfast, Northern Ireland.

A transaction was concluded with Trinity Leisure Limited (the former master franchisee in the United Kingdom) which will enable the group to accelerate its expansion in the region. This transaction included acquiring the outside shareholder's interest in Mohawk Spur in Wandsworth with effect from 1 April 2008, resulting in this entity becoming a wholly-owned subsidiary, and the related franchising and leasing rights in respect of the restaurant. The franchise rights in respect of all future developments in the United Kingdom and Ireland also now vest with the group. Several new opportunities are being investigated in the United Kingdom and Ireland and we remain positive about the prospects in this territory.

A restructure in Australia was concluded with effect from 1 February 2008 in which the group acquired the outside shareholders' interests of Mustang Spur in Campbelltown (previously 40% owned) and Seven Eagles Spur in Erina Fair (previously 80% owned). The group now has a majority interest in three restaurants in Australia, a minority interest in three restaurants and one restaurant is fully franchised. Operations have been substantially revised in Australia to improve operational controls to maximise profit. A regional head office was set up in Australia to establish a greater corporate presence in that region.

In January 2008, a new fish and grill concept, trading as Jack Salmon's Fish & Grill, was piloted in Erina Fair in Australia. Despite extensive research and market analysis, which indicated that the concept could be a successful venture, the concept was not accepted by the Australian market. Persistent trading losses compelled the group to close the restaurant in August 2008. Impairments associated with the closure of the restaurant and trading losses together amounted to R9.2 million during the financial year. The group will not continue with this fish and grill concept.

A new Spur Steak Ranch is planned for Lusaka, Zambia and we are investigating further opportunities to open outlets in Ghana, Kenya and Nigeria and further outlets in Tanzania and Zambia. A site for a franchised Spur restaurant has also been secured in Dubai as we continue to explore potential in the Middle East.



PROCUREMENT

The group has continued to invest in its procurement infrastructure, thereby limiting the impact of high food inflation on franchisee profitability and facilitating sustained quality supply. Supplier performance is being monitored on a regular basis to ensure consistency and quality of supply. As far as possible, raw material price increases are negotiated to coincide with menu price increases to limit the impact of variable food costs on franchisee profit margins.

Food inflation is expected to remain a challenge for the next 12 to 18 months and the group will continue to concentrate on procuring value added products to remain competitive in the market place.

The manufacturing division turnover benefited from an increase in the sales of retail sauces in supermarkets, but high food cost inflation negatively impacted the cost of manufacture, resulting in a tightening of margins in this area of our business.

MARKETING

The tough economic climate triggered increased media spend in the sit-down, and quick service restaurant environments which resulted in a highly competitive market. Our goal is therefore to develop the most compelling reasons for consumers to choose our brands rather than those of our competitors.

During the year, we invested significantly in market research to gain a greater understanding of our brands, our customers and what drives the relationship between the two. The research highlighted opportunities for growth and imperatives for defence in distinct segments of our market. This has defined our strategy to develop focused, consumer insight driven advertising to attract new markets and protect our existing customer base.

New advertising agencies were appointed for both Spur and Panarottis.

Our Spur brand goal is to create South Africa's "Most Liked Home Grown Icon Brand" that resonates with our diverse cultures in a persuasive manner. Panarottis is positioned as the accessible fun Italian restaurant for everyone and our goal is to ensure our customers' experiences reflect that positioning each time they visit our restaurants. John Dory's is positioned as South Africa's most exciting, up and coming fish & grill restaurant, offering superb value, a huge variety of food, including sushi, and a great atmosphere to all South Africans. Fun never tasted this good!

We continued to increase our focus on market development and corporate social investment, implementing approximately 140 events across all regions. Key projects included Soccer Masidlale, Rugby Development, Spur Adventure, Cycling and Golf. Spur Adventure became South Africa's largest multisport event series in 2008. All proceeds are donated to the Joint Aid Management Fund, which focuses on the feeding of disadvantaged children.

The Spur Customer Care Centre grew steadily this year, with call volumes increasing by 6%. It is encouraging to note that an increased number of calls related to service compliments.

The Spur Kids Birthday Club grew by 10.9% in the past year and there are now over 915 000 active members. The Secret Tribe loyalty card will be implemented early in the new financial year. It is anticipated that this will significantly build loyalty between our customers and the Spur brand.

INFORMATION TECHNOLOGY

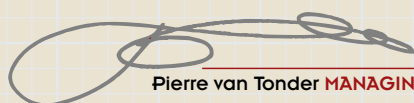
Continued investment in information technology has resulted in an advanced platform to improve business intelligence. We are now able to download detailed sales and other data from restaurants on a daily basis allowing in-depth analysis of customer foot traffic, cost of sales and sales mix. This will allow us to manage menu content, value added campaigns and marketing efforts more effectively.

Our in-store radio station, Taste FM, continues to ensure a consistent in-store listening experience, and facilitates the effective transfer of intellectual property and general communications to franchisees. Taste FM also motivates employees countrywide through national incentive campaigns. A motivated franchisee employee body contributes favourably to revenue growth.

Spur TV was launched during the year to provide promotional material in-store and to train employees. The roll out to restaurants is still in progress but is expected to be concluded in the new financial year. The ongoing dissemination of intellectual property through this medium will facilitate improved service levels in all restaurants across all three brands.

THANKS

The group's performance over the past year has truly been a group effort and I thank the heads of our three restaurant brands Mark Farrelly (Spur), Kevin Robertson (Panarottis) and Stamatios Kapsimalis (John Dory's), their teams and all support staff for making this possible. Our loyal franchisees locally and internationally have ensured that we remain the preferred choice for family dining and we look forward to their continued support and commitment for the year ahead.



Pierre van Tonder **MANAGING DIRECTOR**



CORPORATE

GOVERNANCE

REPORT

OVERVIEW

Spur Corporation is committed to achieving high standards of corporate governance to protect the interests of the company and its shareholders. The directors recognise that good governance assists shareholders in assessing the quality of the group and its management and supports investors in their decision-making processes.

The group endorses the Code of Corporate Practices and Conduct as exemplified in the King Committee Report on Corporate Governance ("King II") and embraces the principles of integrity, transparency and accountability.

The directors believe that Spur Corporation complies with the principles and spirit of King II and the provisions of the Listings Requirements of the JSE Limited. Governance structures are continually enhanced to take account of changes within the group and ongoing developments within corporate governance.

BOARD OF DIRECTORS

Board role and composition

In terms of the board charter, the directors of Spur Corporation are responsible for the following:

- Developing and adopting strategic plans;
- Approval of financial objectives and targets;
- Monitoring operational performance and management;
- Ensuring effective risk management and internal controls;
- Legislative and regulatory compliance; and
- Approval of annual financial statements.

Spur Corporation has a unitary board structure comprising of four non-executive directors and six executive directors.

Non-executive director John Rabb is classified as independent in terms of both the King II definition and the Listings Requirements of the JSE. Keith Madders renders strategic consulting services on a contractual basis, Dean Hyde provides professional services on an ad hoc basis, while Keith Getz is a partner of the group's principal legal counsel.

Biographical information on the directors appears on pages 10 and 11.

The board has delegated authority to the chief executive, executive directors and senior management for the implementation of the strategy and the ongoing management of the business. The chairman, Allen Ambor, and the chief executive, Pierre van Tonder, have clearly defined and separate roles. This division of responsibilities ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

Directors retire by rotation at least once every three years and are eligible for re-election by shareholders at the annual general meeting. The executive directors do not have service contracts and are subject to the same service conditions as all employees. Non-executive director Keith Madders has a service contract containing a three month notice period with services being rendered at a market related hourly rate.

The group has no controlling shareholder and there is no shareholder representation on the board.

Board meetings

The board meets twice a year and additional meetings are convened at short notice to discuss urgent business. The directors also participate together with management in strategy and planning sessions. Non-executive directors have direct access to management and may meet with management independently of the executive directors. All directors have unrestricted access to the advice and services of the company secretary. They are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board and/or the chief executive.

Company secretary

The company secretary assists the chairman in co-ordinating and administering the functioning of the board, the induction of new non-executive directors and ensuring statutory compliance. The appointment and removal of the company secretary is a matter for the board and not executive management.

Board evaluation

The board periodically undertakes a self-evaluation which requires all directors to complete an extensive questionnaire covering the board's role, composition, independence, functioning, leadership and director development. The results of the rating process are circulated to all directors and debated at a board planning meeting.

Board committees

The directors have delegated specific responsibilities to four sub-committees to assist the board in the discharge of its duties. Each committee has a clearly defined mandate which is reviewed from time to time and the directors confirm that the committees have functioned in accordance with these written terms of reference during the year.

AUDIT COMMITTEE

Role of committee

- Assess and report on the effectiveness of internal controls;
- Assess and report on regulatory and legislative compliance;
- Review and approve major accounting and financial reporting issues;
- Review and approve the audit service and any non-audit services provided by the external auditor;
- Review and approve internal and external audit plans, reports and fees;
- Consider internal and external audit findings and provide for corrective remedial action to be taken; and
- Ensure that management imposes no limitation on the scope of the audits.

Composition

Three non-executive directors:

Keith Madders (chairman)
Dean Hyde
John Rabb

Invitees: Directors, executive management, external audit partners and staff.

Meetings: Two during the year under review.

The audit committee meets the group's external and internal auditors and executive management regularly to consider risk assessment and management, review the audit plans of the external and internal auditors and to review accounting, auditing, financial reporting, corporate governance and compliance matters. The audit committee approves the external auditor's engagement letter and the terms, nature and scope of the audit function and the audit fee. The internal audit charter, internal audit plan and internal audit conclusions are similarly reviewed and approved by the audit committee.

Interim and annual results of the group and trading statements of the company are reviewed by the audit committee before publication. Both the audit committee and the board are satisfied that there is adequate segregation between the external and internal audit functions and that the independence of the internal and external auditors is not in any way impaired or compromised.

REMUNERATION COMMITTEE

Role of committee

- Establish a formal and transparent procedure for developing a policy on executive remuneration;
- Determine specific remuneration packages and other benefits for executive directors taking into account recommendations by the chairman of the board and managing director;
- Consider criteria adopted by the chairman of the board and managing director to measure the performance of executive directors in discharging their functions and responsibilities;
- Propose fees for non-executive directors;
- Assess and review remuneration policies, employee share incentive schemes, performance bonuses and service contracts; and
- Approve the award of shares/options to executives and employees.

Composition

Four non-executive directors:

Keith Madders (chairman)
Keith Getz
Dean Hyde
John Rabb

Meetings: One during the year under review.

Details of the directors' remuneration are disclosed in note 32 on page 72 of this report.

RISK COMMITTEE**Role of committee**

- Identify major risk areas;
- Assess and review the risk management process;
- Assess the risk appetite of the group;
- Assess business sustainability under normal as well as adverse conditions;
- Assess the reliability of the accounting records in the context of significant risk areas; and
- Assess and review compliance with applicable laws, regulations and supervisory requirements.

Composition**Three non-executive directors:**

Keith Madders (chairman)
Dean Hyde
John Rabb

Four executive directors:

Pierre van Tonder
Mark Farrelly
Phillip Joffe
Ronel van Dijk

Invitees: The chairman of the board, internal audit and finance staff

Meetings

Two during the year under review.

NOMINATIONS COMMITTEE**Role of committee**

- Identify and recommend qualified candidates for executive and non-executive directors;
- Assess that the board has an appropriate balance of skills, experience and diversity;
- Advise on the composition of the board, ensuring a balance between executive and non-executive directors;
- Provide plans for succession particularly for the chairman, chief executive and executive directors; and
- Make recommendations in respect of directors retiring by rotation, or by contract, to be put forward for re-election.

Composition**Four non-executive directors:**

Keith Madders (chairman)
Keith Getz
Dean Hyde
John Rabb

Meetings: One per year.

Board attendance

The attendance at board and board sub-committee meetings was as follows:

	Board	Audit	Remuneration	Risk	Nominations
Number of meetings	2	2	1	2	1
Allen Ambor	2			2	
Pierre van Tonder	2	2		2	
Mark Farrelly	2			2	
Keith Getz	1	1	1	1	1
Dean Hyde	1	1	1		1
Phillip Joffe	2	2		2	
Keith Madders	2	2	1	2	1
John Rabb	1	1	1		1
Kevin Robertson	2				
Ronel van Dijk	2	2		2	

OPERATIONAL COMMITTEES

The board is also assisted in the discharge of its duties by the following operational committees:

Human resources productivity committee

The role of this committee is to develop and implement a competitive human resources strategy that will ensure that the company is able to attract, retain and develop the best possible talent to support superior business performance. The committee monitors and reports to the board of directors on progress and compliance with the group's employment equity plans. The committee meets at least once a year and consists of five executive directors and the head of human resources. The committee is chaired by the managing director, Pierre van Tonder.

New business development committee

This committee provides a forum for debate and discussion on new business opportunities and formulates recommendations to the board. The committee consists of all the executive directors, non-executive directors Keith Madders, Keith Getz and Dean Hyde, as well as finance and operational employees. The committee is chaired by the executive chairman, Allen Ambor.

INTERNAL CONTROL AND EXTERNAL REVIEW

- The directors are satisfied that an adequate system of internal control was in place for the year under review and until the time of the approval of the annual report;
- The external auditor has unrestricted access to the chairman and members of the audit committee. The internal audit function reports directly to the audit committee;
- The risk management committee, together with the internal audit function, provides assurance to the board of directors that information presented to them is accurate, complete and reliable;
- The board is satisfied that an adequate process for identifying, evaluating and managing significant risks was in place for the year under review and until the time of the approval of the annual report; and
- No non-audit work was performed by the external auditor during the year.

SHARE DEALINGS

Directors and employees are restricted from trading in the shares of the company during two formalised closed periods ahead of the interim and annual results. The group's insider trading policy requires directors to obtain formal clearance from the chairman prior to dealing in the company's shares. All share dealings are disclosed to the company secretary and this information is released on the Securities Exchange News Services ("SENS") within 48 hours of any trade being completed.

CODE OF ETHICS

Spur Corporation has adopted a code of ethics which requires employees to maintain the highest moral and ethical standards in their relationships with stakeholders. The principles contained in the code are integrity; honesty and good faith; impartiality; transparency and openness; and accountability and responsibility.

The board is satisfied that no material breaches of ethical behaviour occurred during the year and confirms that the group continues to comply with the highest standards of business practices.







CORPORATE SOCIAL VISION

INTRODUCTION

Spur Corporation has a strong social awareness philosophy and a commitment to improving the quality of life of disadvantaged South Africans.

As a caring corporate citizen the group assists in the upliftment of communities, primarily through sport. Internally the focus is on people development and the creation of a stimulating working environment, which supports the group's mission of making Spur "a great place to work".

COMMUNITY SUPPORT

Corporate social investment

Corporate social investment ("CSI") is an integral component of the group's transformation and empowerment strategy. Through an active programme of community-focused events, disadvantaged children throughout South Africa are given the opportunity to experience the Spur "taste for life".

Funds generated from these events are directed to the feeding and development of disadvantaged school children across the country. The group has partnered with Joint Aid Management, a non-profit organisation that provides meals to more than 350 000 children daily, to manage and distribute the Spur CSI funds.

More than 140 sport and recreational events took place in 2008, with the focus on the following sponsorships:

- Spur Soccer Masidlale (meaning "let's play") is a national series of one-day learning clinics using soccer as a vehicle to integrate children from all walks of life. Now in its fourth year, Masidlale teaches life skills and encourages self-confidence among children between the ages of 8 and 12. Coaches are trained to conduct monthly follow-up sessions with schools attending the Masidlale programme;
- Following the success of the group's sponsorship of junior cycling, Spur has also started supporting mountain biking. Road cycling is currently one of the fastest growing sports in the country and many cyclists are turning to mountain biking for recreation, and this aligns with the overall Spur Adventure theme;
- Spur Adventure provides an adrenaline-fuelled day for the whole family and participants engage in biking, kloofing, hiking and other outdoor adventure activities. Family events are held in all major centres;

- Spur is committed to rugby development and the transformation of the sport at schools level. Spur Steak Ranches has partnered with First National Bank ("FNB") to present FNB Classic Clashes which creates awareness through television coverage of the 40 major schoolboy rugby derbies in the country. Spur also sponsors several disadvantaged rugby playing schools nationally as well as a Junior Rugby Development day in the Western Cape; and
- The Spur annual charity golf tour raised over R300 000 for the development of underprivileged potential junior players and the feeding of underprivileged children within school feeding schemes. Franchisees, suppliers and business partners compete at four regional events, with the final being held in Sun City at the time of the annual Nedbank Golf Challenge.



EMPLOYEES

Spur Corporation subscribes to the view that second only to its trademarks, people are its most valued and important asset. The group aims to attract, develop and retain highly energised individuals and an increasing focus is being placed on creating a more strategic human capital management environment.

Policies comply with the requirements of all staff-related legislation, including the Basic Conditions of Employment, the Labour Relations, Employment Equity, and Skills Development Acts.

Employment equity

All human resources policies aim to eliminate discrimination in the workplace and the group is committed to removing barriers to enable previously disadvantaged employees to reach their true potential. These policies are aligned with the Employment Equity Act and programmes are in place to ensure equal opportunities for all employees. Employment equity policies and targets have been developed in consultation with the group's human resources productivity committee.

The employee composition at 30 June 2008 was as follows:

Occupational levels	Male	Female	Total	Black	White
Top management	5	1	6	-	6
Senior management	14	2	16	-	16
Professionally qualified and experienced specialists and mid-management	7	11	18	9	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	39	34	73	18	55
Semi-skilled and discretionary decision-making	17	29	46	33	13
Unskilled and defined decision-making	12	8	20	20	-
Total permanent	94	85	179	80	99
Non-permanent	-	3	3	1	2
Total	94	88	182	81	101

Training

Customer service excellence is core to the business and an in-house training unit ensures that franchisees and their staff, together with head office employees, acquire the skills to perform in line with the group's high standards.

A wide range of training courses are offered to franchisees at the training centres in Cape Town, Johannesburg and Durban. During the past year 5 377 delegates attended internal and external training workshops.

Specific restaurants in each region have been equipped to provide basic operations training for new franchisees and management. The training ensures that management are capable of operating all areas of a franchise business. During the year 103 people were trained in these facilities.

The group's training department is currently seeking accreditation with THETA, the Tourism, Hospitality and Sport Education and Training Authority.

Skills development

Financial assistance is provided to employees to develop skills by attending external courses and to undertake part-time studies at universities and other tertiary institutions. Several employees are currently registered for degrees, diplomas and courses through a number of independent institutions. Employees are also encouraged to attend external seminars and training courses to further enhance the skills required for the execution of their daily duties. Financial assistance is also provided to employees to fund their dependents' primary and secondary education requirements.

HIV / AIDS management

The group is committed to addressing HIV/AIDS in a supportive and non-discriminatory manner. An AIDS awareness campaign has been conducted for the past six years and includes in-store educational workshops, the distribution of videos and access to free condoms. These initiatives are aimed at educating franchisees and their staff and to equip them with the relevant knowledge to limit the risk of infection.

Incentive schemes

All employees currently participate in an incentive bonus scheme which is based on group and individual performance.

A share incentive scheme was introduced in December 2004 to allow management to participate in the growth of Spur Corporation and to assist the group in retaining directors and management of the highest calibre. A maximum of 10% of the company's issued share capital has been made available for the scheme. Two-thirds of the shares will vest in December 2009 and the balance in December 2010. Further details on the scheme are contained in note 18 on page 66.



GROUP CASH VALUE ADDED STATEMENT

for the year ended 30 June

	2008 R'000	%	2007 R'000	%
Cash derived from revenue	295 134		209 819	
Paid to suppliers for materials and services	(104 940)		(73 657)	
Cash value added	190 194		136 162	
Interest received	6 420		4 775	
Total wealth created	196 614		140 937	
Distributed as follows:				
Employees	72 557	36.9	46 364	32.9
Providers of capital				
- Interest paid	1 568		1 021	
- Distributions to shareholders	50 199		45 030	
	51 767	26.3	46 051	32.7
Monetary exchanges with government				
- Tax on profit	24 763		15 812	
- PAYE	10 029		10 378	
- VAT	20 218		19 747	
	55 010	28.0	45 937	32.6
Retained to develop future growth	17 280	8.8	2 585	1.8
Total wealth distributed	196 614	100.0	140 937	100.0

Cash value added is a measurement of the wealth that the group has created in its operations, by adding value to the cost of its raw materials and services purchased. The statement above shows how that wealth was created, and also how it was shared between employees and the providers of funds to the group. The statement takes into account the amounts retained and reinvested in the group for the replacement of assets and the development of future operations.





5 YEAR REVIEW

	Footnote	2008	2007	2006	2005	2005	2004
		R'000	R'000	R'000	restated R'000	pre-IFRS R'000	pre-IFRS R'000
Income statement							
Revenue		295 838	215 411	182 692	200 632	200 632	181 044
Operating profit	1	85 242	89 241	77 188	66 020	68 531	50 201
Net finance income		4 852	3 754	4 007	4 823	4 823	4 778
Profit before tax		90 094	92 995	81 195	70 843	73 354	54 979
Headline earnings	2	67 395	80 685	57 971	50 223	51 084	37 223
Balance sheet							
Property, plant and equipment		98 890	82 982	37 612	27 100	26 231	9 086
Cash and cash equivalents		66 865	45 134	45 689	41 637	41 637	76 672
Bank overdraft		2 262	916	4 801	1 934	1 934	2 622
Cash flow statement							
Net cash flow from operating activities		31 038	48 442	18 035	20 496	17 284	26 919
Share statistics							
Weighted average number of shares (000's)	2	88 156	88 156	88 156	90 783	90 783	93 729
Earnings per share (cents)	2	67.23	92.80	65.78	55.79	57.19	39.67
Headline earnings per share (cents)	2	76.45	91.53	65.76	55.32	56.27	39.72
Cash flow earnings per share (cents)	3	102.21	94.68	71.90	63.39	64.32	52.59
Operating cash flow per share (cents)	4	35.21	54.95	20.46	22.57	19.04	28.72
Net asset value per share (cents)	5	495.83	457.87	411.36	381.81	141.60	148.30
Distribution per share (cents)	6	55.00	55.00	47.00	40.00	40.00	30.00
Distribution cover (times)	7	1.4	1.7	1.4	1.4	1.4	1.3

	Footnote	2008	2007	2006	2005 restated	2005 pre-IFRS	2004 pre-IFRS
Stock exchange performance							
Number of shares in issue (000's)		97 633	97 633	97 633	97 633	97 633	97 633
Number of shares traded (000's)		24 712	22 417	21 155	31 476	31 476	34 611
Value of shares traded (R'000)		222 263	221 793	172 545	170 121	170 121	155 018
Percentage of issued shares traded (%)		25.31	22.96	21.67	32.24	32.24	35.45
Market price per share (cents)							
- close		620	1180	830	650	650	500
- high		1210	1250	930	650	650	515
- low		620	820	625	431	431	330
Headline earnings yield (%)	8	12.33	7.76	7.92	8.51	8.66	7.94
Distribution yield (%)	9	8.87	4.66	5.66	6.15	6.15	6.00
Price earnings ratio		8.11	12.89	12.62	11.76	11.55	12.59
Market capitalisation (R'000)		605 325	1 152 069	810 354	634 615	634 615	488 165
Business performance							
Operating profit margin (%)	10	32.14	40.86	42.85	32.16	32.47	29.92
Return on equity (%)	11	15.89	19.95	16.21	14.60	38.94	29.68
Return on assets (%)	12	12.47	16.24	13.37	12.05	29.69	24.08
Liquidity ratio	13	2.07	1.72	2.38	1.99	2.22	3.28

Footnotes:

- Includes share of loss/income of associate companies.
- Refer to note 8 of the annual financial statements on page 59.
- Operating profit before working capital changes plus net finance income less tax paid divided by the weighted average number of shares in issue.
- Net cash flow from operating activities divided by the weighted average number of shares in issue.
- Net asset value divided by the weighted average number of shares in issue.
- Interim and final distribution for the year to which it relates.
- Headline earnings per share divided by distribution per share (see footnote 6).
- Headline earnings per share divided by the closing share price.
- Distribution per share divided by the closing share price.
- Operating profit (see footnote 1) adjusted for headline earnings adjustments and foreign exchange gain/loss divided by revenue.
- Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss divided by capital and reserves.
- Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss divided by total assets.
- Current assets divided by current liabilities.

2008

FINANCIAL

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DIRECTORS' APPROVAL

The directors are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The board has ultimate responsibility for the system of internal control and reviews its operation primarily through the Audit Committee and various other risk-monitoring committees. The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the group's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system, operating within strict deadlines and an appropriate control framework.

The annual financial statements of the group and the company are prepared in accordance with International Financial Reporting Standards ("IFRS"), the interpretations adopted by the International Accounting Standards Board ("IASB") and the requirements of the South African Companies Act.

The directors believe that the group and the company will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the group's and the company's annual financial statements.

The external auditors are responsible for reporting on the financial statements.

The annual financial statements and group annual financial statements of Spur Corporation Limited, set out on pages 36 to 86, were approved by the Board of Directors on 6 October 2008 and are signed on its behalf by:

Allen Ambor **Executive Chairman**

Pierre van Tonder **Managing Director**

Declaration by Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G(d), of the Companies Act, 1973, that for the year ended 30 June 2008, Spur Corporation Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Ronel van Dijk **Secretary**

6 October 2008

INDEPENDENT AUDITOR'S REPORT

To the members of SPUR CORPORATION LIMITED

We have audited the annual financial statements and group annual financial statements of Spur Corporation Limited, which comprise the balance sheets at 30 June 2008, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 36 to 86.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

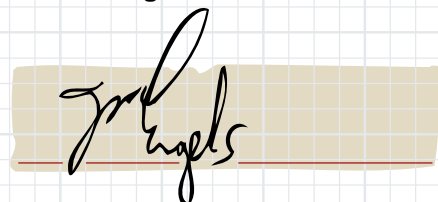
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Spur Corporation Limited at 30 June 2008 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc. Registered Auditor



Per I Engels
Chartered Accountant (SA), Registered Auditor
Cape Town, 6 October 2008

8th Floor, MSC House, 1 Mediterranean Street
Cape Town 8001

DIRECTORS'

REPORT

The directors present their ninth annual report, which forms part of the audited financial statements of the company and of the group for the year ended 30 June 2008.

NATURE OF THE BUSINESS

Spur Corporation Limited is a holding company. Through its subsidiaries, primarily Spur Group (Pty) Ltd, John Dory's Franchise (Pty) Ltd and Spur International Ltd, the group carries on the business of franchisor in the family sit-down restaurant market. Through subsidiaries, Spur Advertising (Pty) Ltd, Panarottis Advertising (Pty) Ltd and John Dory's Advertising (Pty) Ltd, the group provides marketing and promotional services to franchisees. The company also has indirect interests in various companies in the United Kingdom and Australia which own and operate retail Spur and Panarottis restaurants in those territories.

FINANCIAL REVIEW

Spur Corporation has continued its solid growth trend of recent years to entrench its position in the competitive family sit-down restaurant market. Group revenue increased by 37.3% to R295.8 million. Franchise fee income in Spur Steak Ranches (local and international) rose by 10.3% to R111.4 million, Panarottis Pizza Pasta by 3.9% to R11.8 million and John Dory's Fish and Grill by 35.9% to R5.6 million. The group's international operations contributed 29.6% of revenue (2007: 10.8%).

The local business performed satisfactorily despite the current economic climate in which high interest rates and inflationary cost pressures have impacted on disposable income levels in the group's target markets. The group's results were, however, negatively impacted by impairment and operational losses incurred in an unsuccessful fish and grill pilot outlet in Australia, together amounting to R9.2 million.

The impairment and operations losses of the failed fish and grill outlet contributed to the 4.5% decrease in operating profit to R85.5 million (2007: R89.6 million). Profit in the prior year benefitted from a once-off tax credit of R16.6 million, which arose from the recognition of deferred tax assets relating to future tax deductions in respect of intangible assets and cumulative tax losses up to 30 June 2006 in the group's international operations. Of this deferred tax asset, R1.5 million was written off in the current year as a result of retrospective changes in tax legislation in the tax jurisdiction in question which limits the period during which tax losses can be utilised to nine years. The tax credit boosted headline earnings by R16.6 million in the prior year and reduced headline earnings in the current year by R1.5 million, contributing to the decrease in headline earnings of 16.5% to R67.4 million (2007: R80.7 million). Diluted headline earnings per share declined 16.1% to 73.99 cents (2007: 88.17 cents).

SHARE CAPITAL

The number of authorised shares has remained at 201 000 000 ordinary shares of 0.001 cents each, for the year ended 30 June 2008.

The number of issued shares, net of treasury shares has remained at 88 155 507 ordinary shares for the year ended 30 June 2008.

INTEREST IN SUBSIDIARY COMPANIES

Details of the share capital and the company's interests in the subsidiary companies are as follows:

	Country of incorporation	Issued capital R'000	Loans to subsidiary R'000	% interest in company
Trading				
- Spur International Ltd*	British Virgin Islands	1.0	-	100
- Spur Group (Pty) Ltd	South Africa	0.1	15 539	100
- Spur Advertising (Pty) Ltd*	South Africa	0.1	-	100
- Panarottis Advertising (Pty) Ltd*	South Africa	0.1	-	100
- Share Buy-Back (Pty) Ltd	South Africa	0.1	-	100
- Spur Group Properties (Pty) Ltd	South Africa	0.1	3 265	100
- John Dory's Franchise (Pty) Ltd*	South Africa	0.1	-	65
- John Dory's Advertising (Pty) Ltd*	South Africa	0.1	-	100
- Vantini Spur Ltd*	Gibraltar	0.1	-	100
- Steak Ranches International BV*	The Netherlands	173.3	-	100
- Spur Corporation Australia Pty Ltd*	Australia	0.6	-	100
- Spur Advertising Australia Pty Ltd*	Australia	0.1	-	100
- Panarottis Advertising Australia Pty Ltd*	Australia	0.1	-	100
- Spur Central Pty Ltd*	Australia	0.6	-	100
- Panhold Pty Ltd*	Australia	5.0	-	70
- Panawest Pty Ltd*	Australia	631.0	-	93
- Caspur Pty Ltd*	Australia	772.0	-	100
- John Dory's Fish & Grill Restaurant Pty Ltd*	Australia	0.6	-	100
- Spur Corporation UK Ltd*	United Kingdom	1.9	-	100
- Larkspur One Ltd*	United Kingdom	1.4	-	90
- Larkspur Two Ltd*	United Kingdom	1.4	-	90
- Mohawk Spur Ltd*	United Kingdom	15.1	-	100
Dormant		0.8	-	100
			18 804	

* Indirect

The interest of the company in the aggregate after tax profits and losses of subsidiaries is as follows:

	2008 R'000	2007 R'000
Profits	74 238	85 229
Losses	(14 695)	(3 583)

The group also consolidates Maxshell 72 Investments (Pty) Ltd and The Spur Management Share Trust, in which it does not hold shares, as per the JSE Listing Regulations.

DISTRIBUTIONS

A final distribution, in respect of the 2007 financial year, of 29.0 cents per share, by way of a reduction of share premium, was paid to shareholders on 8 October 2007.

An interim distribution of 28.0 cents per share, by way of a reduction of share premium, was paid to shareholders on 25 March 2008.

The directors have approved a final distribution of 27.0 cents per share, comprising a capital reduction in lieu of dividends to be written off against share premium equating to 11.6 cents per share and a dividend of 15.4 cents per share, to be paid in cash on 6 October 2008.

SPECIAL RESOLUTION

On 5 December 2007, at the company's annual general meeting, a special resolution was passed in terms of which the directors were granted the authority to contract the company, or one of its wholly-owned subsidiaries, to acquire shares in the company issued by it, should the company comply with the relevant statutes and authorities applicable thereto.

Full details of the special resolution passed will be made available to shareholders on request.

MATERIAL CHANGES

Save as disclosed herein, no material changes in the financial or trading position of the company or its subsidiaries have taken place to the date of this report.

DIRECTORS AND SECRETARY

Details of the directors as at the date of this report, together with the name, business and postal address of the company secretary, are set out on pages 10, 11 and 90. The secretary, Ronel van Dijk, has certified that the company has lodged with the Registrar of Companies all such returns as required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

In terms of the company's Articles of Association, Pierre van Tonder, Ronel van Dijk, Dean Hyde and Mark Farrelly retire at the forthcoming annual general meeting. These directors, all being eligible, offer themselves for re-election. Service agreements with the directors of Spur Corporation at the date hereof do not impose any abnormal notice periods on the company.

Shareholders will be asked to confirm these re-appointments at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

No contracts in which directors or officers of the company or group had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries, were entered into during the year.

Shares

Details of directors' beneficial direct and indirect interests in the ordinary shares are as follows:

	2008	%*	2007	%*
	No. of shares		No. of shares	
Allen Ambor	3 901 294		3 901 294	
Pierre van Tonder	1 240 790		1 241 790	
Mark Farrelly	936 445		936 445	
Ronel van Dijk	447 822		447 822	
Kevin Robertson	749 156		749 156	
Phillip Joffe	300 000		300 000	
Keith Madders	1 112 022		1 112 022	
Dean Hyde	15 000		265 802	
Keith Getz	2 491		2 491	
John Rabb	60 000		60 000	
Total	8 765 020	9.1	9 016 822	9.4

* These percentages are based on shares in issue less shares repurchased by subsidiary companies (except to the extent that the shares held by these subsidiaries are held in terms of the Spur Management Share Incentive Scheme - refer note 18 for more details).

Shares allocated to non-executive directors in terms of the Spur Management Incentive Scheme (refer note 18):

	2008	2007
	No. of shares	No. of shares
Dean Hyde	300 000	300 000
Keith Getz	234 111	234 111
Keith Madders	280 934	280 934

SHAREHOLDERS' INTEREST IN SHARES

Major shareholders

The following are shareholders holding 3% or more of the company's issued share capital at 30 June 2008:

	No. of shares	%*
Allan Gray	17 099 828	17.7
Old Mutual Group	8 950 541	9.3
Maxshell 72 Investments (Pty) Ltd**	8 274 043	8.6
Sanlam	7 354 045	7.6
Investec	4 252 158	4.4
Nedbank Group	3 875 173	4.0
Allen Ambor	3 555 785	3.7

* These percentages are based on shares in issue less shares repurchased by subsidiary companies (except to the extent that the shares held by these subsidiaries are held in terms of the Spur Management Share Incentive Scheme - refer note 18 for more details).

** This holding relates to shares held in terms of the Spur Management Share Incentive Scheme, details of which are disclosed in note 18 of this Annual Report.

Analysis of shareholding

An analysis of the spread of shareholding is presented below:

Shareholder spread	No. of shareholders	%	No. of shares	%
1 – 10 000 shares	1 241	76.9	3 255 255	3.3
10 001 – 25 000 shares	144	8.9	2 340 161	2.4
25 001 – 50 000 shares	60	3.7	2 292 461	2.3
50 001 – 100 000 shares	53	3.3	3 870 930	4.0
100 001 – 500 000 shares	79	4.9	18 077 226	18.5
500 001 – 1 000 000 shares	17	1.1	11 894 588	12.2
1 000 001 shares and over	19	1.2	55 902 212	57.3
	1 613	100.0	97 632 833	100.0

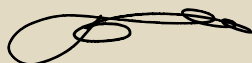
Distribution of shareholders	No. of shareholders	%	No. of shares	%
Individuals	1 184	73.4	11 932 294	12.2
Investment companies	6	0.4	341 780	0.4
Insurance companies	22	1.4	8 951 738	9.2
Mutual funds	62	3.8	44 367 896	45.4
Pension funds	62	3.8	14 123 547	14.5
Banks and nominees	184	11.4	3 891 691	4.0
Other corporate bodies	93	5.8	14 023 887	14.3
	1 613	100.0	97 632 833	100.0

POST BALANCE SHEET EVENT

No material fact or circumstances have occurred between the accounting date and the date of this report.

COMPANY INFORMATION

The company's registration number and registered address are presented on page 90. Shareholders and members of the public are advised that the register of the interest of directors, executives, senior management and other shareholders in the shares of the company is available upon request from the company secretary.



Pierre van Tonder MANAGING DIRECTOR



GROUP INCOME STATEMENT

for the year ended 30 June

	Note	2008 R'000	2007 R'000
Revenue	3	295 838	215 411
Cost of sales		(64 735)	(37 083)
Gross profit		231 103	178 328
Other operating income	4	10 278	8 139
Administration expenses		(62 221)	(52 588)
Core operations expenses		(27 310)	(26 595)*
Distribution expenses		(3 837)	(3 760)
Non trading loss - Australian fish and grill concept pilot	5	(5 854)	-
Retail operating expenses		(56 625)	(13 939)*
Operating profit before finance income	5	85 534	89 585
Net interest received		4 852	3 754
Finance income		6 420	4 775
Finance expense		(1 568)	(1 021)
Share of loss of associate companies	6	(292)	(344)
Profit before tax		90 094	92 995
Total income tax expense	7	(30 492)	(11 243)
Income tax expense	7	(29 016)	(27 797)
Prior years' taxes relating to foreign subsidiary	7	(1 476)	16 554
Profit for the year		59 602	81 752
Attributable to:			
Equity holders of parent		59 266	81 807
Minority interest		336	(55)
Per share (cents)			
Basic earnings	8	67.23	92.80
Diluted earnings	8	65.07	89.39

* Reclassification compared to previously reported amounts.

GROUP BALANCE SHEET

at 30 June

	Note	2008 R'000	Restated 2007* R'000
ASSETS			
Non-current assets		427 940	396 262
Property, plant and equipment	9	98 890	82 982
Intangible assets and goodwill	10	281 867	272 596
Interest in associate companies	6	9 610	11 533
Loans receivable	11	14 910	13 539
Deferred tax	12	18 966	15 612
Other non-current asset	13	3 697	-
Current assets		129 194	99 462
Inventory	14	6 624	4 943
Trade and other receivables	15	48 666	45 812
Loans receivable	11	3 715	1 288
Tax receivable		3 324	2 285
Cash and cash equivalents	16	66 865	45 134
TOTAL ASSETS		557 134	495 724
EQUITY AND LIABILITIES			
Capital and reserves		437 102	403 636
Ordinary share capital	17	1	1
Share premium		11 331	66 982
Shares repurchased by subsidiaries		(24 301)	(29 703)
Foreign currency translation reserve		26 778	7 128
Share-based payments reserve	18	19 030	17 817
Retained earnings	19	399 948	340 682
Total equity attributable to equity holders of the parent		432 787	402 907
Minority shareholders' interest		4 315	729
Non-current liabilities		57 636	34 252
Long-term loans payable	20	15 579	-
Operating lease liability	21	1 321	-
Deferred tax	12	40 736	34 252
Current liabilities		62 396	57 836
Trade and other payables	22	35 927	32 280
Loans payable	23	15 126	14 411
Shareholders for distribution		352	302
Tax payable		8 729	9 927
Bank overdraft	16	2 262	916
TOTAL EQUITY AND LIABILITIES		557 134	495 724

* Refer note 40.

Statement of Changes in

GROUP EQUITY

for the year ended 30 June

		Number of shares (net of treasury shares)	Ordinary share capital	Share premium	Shares repurchased by subsidiaries	Foreign currency translation reserve	Share-based payments reserve	Retained earnings	Minority shareholders' interest /(deficit)	Total
	Note	000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 July 2006										
Attributable profit for the year		88 156	1	116 775	(34 536)	5 450	16 313	258 875	(238)	362 640
Distributions	24			(49 793)	4 833			81 807		81 807
Share-based payments	18						1 504			(44 960)
Foreign currency translation										1 504
Minority interests' share of losses						1 678				1 678
Acquisition of minority interests in subsidiary	29								(55)	(55)
Issue of shares in subsidiaries to minorities									43	43
									979	979
Balance at 1 July 2007										
Attributable profit for the year		88 156	1	66 982	(29 703)	7 128	17 817	340 682	729	403 636
Distributions	24			(55 651)	5 402			59 266		59 266
Share-based payments	18						1 524			(50 249)
Effects of change in tax rate	18						(311)			1 524
Foreign currency translation										(311)
Foreign exchange loss on net investments in foreign subsidiaries						23 260				23 260
Tax on foreign exchange loss on net investments in foreign subsidiaries						(4 751)				(4 751)
Minority interests' share of profit										
Foreign exchange effect on minority shareholders' interest									336	336
Issue of shares in subsidiaries to minorities	30					(95)			95	-
									3 155	3 155
Balance at 30 June 2008										
		88 156	1	11 331	(24 301)	26 778	19 030	399 948	4 315	437 102

GROUP

CASH FLOW

STATEMENT
for the year ended 30 June

	Note	2008 R'000	2007 R'000
Cash flow from operating activities			
Operating profit before working capital changes	25	110 013	95 527
Working capital changes	26	(8 865)	10 003
Cash generated from operations		101 148	105 530
Finance income		6 420	4 775
Finance expense		(1 568)	(1 021)
Tax paid	27	(24 763)	(15 812)
Distributions paid	28	(50 199)	(45 030)
Net cash flow from operating activities		31 038	48 442
Cash flow from investing activities			
Additions of property, plant and equipment		(14 654)	(50 692)
Proceeds on disposal of property, plant and equipment		100	186
Additions of intangible assets		(2 861)	-
Proceeds on disposal of intangible asset		-	1 397
Acquisition of subsidiaries	29	(15 251)	(617)
Proceeds on disposal of minority share in subsidiary	29	46	-
Proceeds on issue of shares in subsidiaries to minorities		-	979
Decrease in loans to associate companies and loans receivable		206	2 890
Net cash flow from investing activities		(32 414)	(45 857)
Cash flow from financing activities			
Interest-bearing loans received		20 000	-
Decrease in interest-bearing loans		(1 344)	-
Net cash flow from financing activities		18 656	-
Net movement in cash and cash equivalents		17 280	2 585
Effect of foreign exchange fluctuations		3 105	745
Net cash and cash equivalents at beginning of year		44 218	40 888
Net cash and cash equivalents at end of year	16	64 603	44 218



NOTES TO THE

FINANCIAL

STATEMENTS

1. ACCOUNTING POLICIES

Spur Corporation Limited is domiciled in South Africa. The consolidated financial statements of the company for the year ended 30 June 2008 comprise the company and its subsidiaries and the group's interests in associates (together referred to as "the group").

The financial statements were authorised for issue by the directors on 6 October 2008.

The financial statements are presented in South African Rands, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern and historical cost basis, unless otherwise stated.

1.1 STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The consolidated financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses (refer note 39). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. IFRS7 was applied to the group financial statements and IFRIC11 to the company financial statements for the first time in the current year. Refer to note 37 of the group financial statements and note 5 of the company financial statements.

The accounting policies have been applied consistently by all group entities.

1.2 BASIS OF CONSOLIDATION**1.2.1 Investment in subsidiaries**

The group financial statements include the financial statements of the company and the entities that it controls. Control is achieved where the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements of the group, from the date that control commences until the date that control ceases.

As the group controls the Spur Management Incentive Share Trust ("share trust") and Maxshell 72 Investments (Proprietary) Limited, these special purpose entities have been consolidated into the group financial statements. The group does not have any direct or indirect shareholdings in these entities. A special purpose entity ("SPE") is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risks and rewards, the group concludes that it controls the SPE.

SPEs controlled by the group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management which result in the group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to risks incidental to the SPEs' activities, or retaining the majority of the residual or ownership risks related to the SPEs or their assets.

The company carries its investments in subsidiaries at cost less impairment losses.

1.2.2 Investment in associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include the group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the group from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its investment in an associate, the carrying amount of the investment is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

1.2.3 Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.2.4 Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rands at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Rands at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity called a foreign currency translation reserve ("FCTR").

1.2.5 Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to a translation reserve. They are released to the income statement upon disposal.

1.3 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the respective functional currencies at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the respective functional currencies using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the respective functional currencies at the foreign exchange rate ruling at the date the fair value was determined. Foreign exchange differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation.

1.4 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

1.4.1 Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing a part of such an item when the cost is incurred if it is probable that the economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

1.4.2 Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold improvements are depreciated over the shorter of the lease term or estimated useful life of the assets. Land is not depreciated.

The current estimated useful lives are as follows:

• buildings	50 years
• plant, equipment and vehicles	3 - 5 years
• fixtures and fittings	5 - 6.67 years
• computer equipment	3 years
• computer software	2 years
• leasehold improvements	lesser of lease terms and 10 years

Depreciation methods, useful lives and residual values are reassessed annually.

1.5 INTANGIBLE ASSETS**1.5.1 Goodwill**

All business combinations are accounted for by applying the purchase method. In respect of acquisitions of subsidiary or associate companies, or an increase in shareholding in subsidiary or associate companies, that have occurred since 1 July 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets and liabilities acquired at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested for impairment annually. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

In respect of acquisitions prior to 1 July 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded in terms of Statements of Generally Accepted Accounting Practice effective prior to IFRS.

1.5.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, costs can be measured reliably, future economic benefits are probable and the group has sufficient resources to complete development in order to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

1.5.3 Other intangible assets

Other intangible assets that are acquired by the group which have finite useful lives are stated at cost less accumulated amortisation and impairment losses. Other intangible assets which have indefinite useful lives are not amortised but are tested for impairment annually. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

1.5.4 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

1.6 IMPAIRMENT**1.6.1 Non-financial assets**

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life or that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The net selling price is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.6.2 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

The recoverable amount of the group's investments in held-to-maturity financial assets and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Where the carrying value of the asset exceeds the recoverable amount, the difference is recognised as an impairment loss in profit or loss.

An impairment loss in respect of a held-to-maturity financial asset or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

1.7 INVENTORIES

Inventories are stated at the lower of cost, determined on the first-in-first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The costs of inventory include costs incurred in acquiring the inventory and costs incurred in bringing the inventory to its current location and condition.

Cost of manufactured goods includes direct material costs, direct labour costs and an appropriate share of overheads based on normal operating capacity.

1.8 LEASES

1.8.1 Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Finance leases are recognised as assets and liabilities at amounts equal, at the inception of the lease, to the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease when it is practicable to determine; otherwise the group's incremental borrowing rate is used. Initial direct costs incurred are included as part of the cost of the asset. Lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to a depreciation expense for the asset as well as finance expenses for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

1.8.2 Operating leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

1.10 TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

1.11 SHARE CAPITAL

1.11.1 Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

1.11.2 Dividends

Dividends and capital distributions are recognised as a liability in the period in which they are declared.

1.12 FINANCIAL INSTRUMENTS

1.12.1 Measurement

Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Investments

Financial instruments held-for-trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other financial assets held by the group are classified as available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Trade and other receivables (including loans)

Trade and other receivables (including loans) are stated at amortised cost less impairment losses as appropriate.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, based on the relevant exchange rates at the balance sheet date.

Financial liabilities

Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis. Financial liabilities designated as at fair value through profit or loss are carried at fair value. Trade and other payables are stated at amortised cost.

Derivative Instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange fluctuations from operational financing. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes.

The gain or loss on remeasurement of derivative instruments is recognised immediately in profit or loss.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

1.12.2 Derecognition**Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

1.12.3 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments, that are not part of a hedging relationship, are included in income in the period in which the change arises.

1.12.4 Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.13 REVENUE

Revenue comprises franchise-related fees and proceeds from the sale of supplies and promotional items. All revenue is stated exclusive of value added tax or general sales tax as applicable and net of transactions with group companies.

Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably and receipt of the future economic benefits is probable.

Franchise fees are recognised on the accrual basis as services are rendered or the rights used in accordance with the substance of the related franchise agreements.

1.14 ADMINISTRATION FEES

Administration fees are invoiced on a monthly basis and recognised as services are rendered.

1.15 FINANCE INCOME AND EXPENSE**1.15.1 Finance income**

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the group. Dividend income is recognised when the right to receive payment is established.

1.15.2 Finance expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method. All borrowing costs are recognised in profit or loss using the effective interest rate method.

1.16 EMPLOYEE BENEFITS

1.16.1 Short-term employee benefits

The costs of all short-term employee benefits are recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to salaries, annual leave and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current salary rates.

1.16.2 Long-term employee benefits

The liability for employees' entitlements to long-term employee benefits represents the present value of the estimated future cash outflows resulting from employees' services provided to the balance sheet date.

In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the group's experience with staff turnover.

Liabilities for employee benefits which are not expected to be settled within 12 months are discounted using the market yields, at the balance sheet date, on high-quality bonds with terms which most closely match the terms of maturity of the related liabilities.

1.16.3 Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

1.16.4 Equity settled share-based payment transactions

The share incentive programme allows group employees to acquire shares of the company. The fair value of shares/options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares/options granted is measured using a binomial option model, taking into account the terms and conditions upon which the shares/options were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares/options that vest.

1.17 PROVISIONS

A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with the contract.

1.18 SEGMENT REPORTING

The group is a franchisor, wholesaler and distributor of branded goods, and owns certain retail restaurants. On a primary segment basis, the group is organised into three major operating divisions:

- Wholesale and distribution;
- Franchise; and
- Retail.

On a secondary segment basis, the geographical location of the group's operations has been identified. On a secondary segment basis, the group is organised into three major geographical divisions:

- South Africa;
- Other African countries (including Mauritius); and
- International (comprising Australia and the United Kingdom).

The basis of segment reporting is representative of the internal structure used for management reporting.

Segment profit includes revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the group's balance sheet.

2 GROUP SEGMENT REPORT

BUSINESS SEGMENT DATA

	2008 R'000	%	2007 R'000	%
SEGMENT REVENUE				
Wholesale and distribution	80 603	27.2	76 192	35.4
Franchise - Spur (South Africa only)	107 982	36.6	99 911	46.4
Franchise - Other	28 165	9.5	23 791 *	11.0
Retail outlets	75 197	25.4	13 828 *	6.4
Corporate services	3 891	1.3	1 689	0.8
Group revenue	295 838	100.0	215 411	100.0
SEGMENT PROFIT				
Wholesale and distribution	26 349	30.8	31 444 *	35.1
Franchise - Spur (South Africa only)	91 539	107.0	84 295	94.1
Franchise - Other	12 705	14.9	14 264	15.9
Retail outlets	(11 101)	(13.0)	(3 285)	(3.7)
Corporate services	(33 958)	(39.7)	(37 133)*	(41.4)
Group operating profit before finance income	85 534	100.0	89 585	100.0
SEGMENT ASSETS				
Wholesale and distribution	17 566	3.2	21 811	4.4
Franchise	390 357	70.0	351 918 **	71.0
Retail outlets	73 461	13.2	43 235	8.7
Other	75 750	13.6	78 760	15.9
Group assets	557 134	100.0	495 724	100.0
SEGMENT LIABILITIES				
Wholesale and distribution	3 178	2.6	2 770	3.0
Franchise	76 176	63.6	54 388 **	59.1
Retail outlets	19 017	15.8	14 095	15.3
Other	21 661	18.0	20 835	22.6
Group liabilities	120 032	100.0	92 088	100.0
CAPITAL EXPENDITURE				
Wholesale and distribution	25	0.2	1 112	2.2
Franchise	2 179	14.9	3 351	6.6
Retail outlets	12 277	83.7	34 390	67.8
Other	173	1.2	11 839	23.4
Group capital expenditure	14 654	100.0	50 692	100.0
DEPRECIATION				
Wholesale and distribution	1 258	12.9	1 124	22.5
Franchise	2 573	26.4	2 606	52.3
Retail outlets	5 401	55.4	828	16.6
Other	514	5.3	429	8.6
Group depreciation	9 746	100.0	4 987	100.0

* Reclassification compared to previously reported amounts.

** Restated. Refer note 40.

The impairment of property, plant and equipment of R8.174 million (refer note 5.1) relates to the International Retail outlets segment and is included in segment profit.

GEOGRAPHICAL SEGMENT DATA

	South Africa R'000	Other African countries R'000	International R'000	Total R'000
2008				
Group revenue	208 390	6 075	81 373	295 838
Group assets	423 139	1 514	132 481	557 134
Group capital expenditure	2 033	-	12 621	14 654
2007				
Group revenue	192 172	4 172	19 067	215 411
Group assets	391 045*	1 010	103 669	495 724*
Group capital expenditure	16 302	-	34 390	50 692

3 REVENUE

	2008 R'000	2007 R'000
Wholesale and distribution sales and rebates	80 603	76 192
Franchise related fee income	140 038	125 391**
Retail restaurants' turnover	75 197	13 828**
	295 838	215 411

4 OTHER OPERATING INCOME

	2008 R'000	2007 R'000
Advertising administration fees	8 937	8 139
Landlord incentives	1 341	-
	10 278	8 139

Advertising administration fees relate to services rendered by the group in respect of marketing funds (refer note 34).

* Restated. Refer note 40.

** Reclassification compared to previously reported amounts.

5 OPERATING PROFIT BEFORE FINANCE INCOME

The following items have been taken into account in determining operating profit before finance income:

	2008 R'000	2007 R'000
Administration fees	53	77
Amortisation - intangible assets	38	-
Auditor's remuneration - audit fees	660	646
Consulting fees	7 074	4 219
Depreciation	9 746	4 987
- Buildings	337	271
- Leasehold improvements	2 964	329
- Furniture and fittings	1 032	489
- Plant, equipment and vehicles	3 625	2 111
- Computer equipment	1 788	1 787
Directors' emoluments (refer note 32)	10 578	9 753
Foreign exchange loss/(gain)	1 717	(111)
Impairment (reversal)/loss - loans to associates (refer note 6.3)	(96)	688
Impairment of tax receivable	-	487
Loss on Australian fish and grill concept pilot (refer note 5.1)	9 213	-
- Impairment of property, plant and equipment (refer note 9)	8 174	-
- Provision for onerous lease (refer note 22)	1 646	-
- Landlord incentives	(3 966)	-
- Non-trading loss	5 854	-
- Trading loss	3 359	-
Loss on disposal of associate company	-	104
Loss on disposal of property, plant and equipment	1	241
Operating lease expense	10 614	2 731
- Lease charges	9 309	2 731
- Straight-line lease charge (refer note 21)	1 217	-
- Amortisation of leasing rights (refer note 13)	88	-
Profit on disposal of intangible asset	-	(1 397)
Profit on disposal of minority share in subsidiary (refer note 29.3)	(46)	-
Provident expenses - defined contribution plan	4 875	4 363
Research costs	526	249
Share-based payments expense (refer note 18)	2 118	2 118

5.1 Loss on Australian fish and grill concept pilot

In January 2008, the group commenced trading Jack Salmon's Fish & Grill, a fish and grill concept outlet, in Erina Fair Australia. The landlord of the premises occupied by the restaurant contributed an amount of AU\$550 000 to the set-up and fit-out of the restaurant.

Despite extensive research and market analysis, which indicated that the concept could be a viable business, the concept was not accepted by the Australian market. Trading losses for the year amounted to AU\$484 149. After careful deliberation, the directors concluded that it would be in the interest of the group to cease trading the restaurant to limit the group's exposure to further trading losses. The restaurant ceased trading on 29 August 2008.

A deal was concluded with the landlord whereby the lease will be terminated with effect from 31 August 2008, any obligation to refund the initial contribution waived, title to the assets will transfer to the landlord and a final settlement amount paid. Consequently, the property, plant and equipment of the restaurant in question was impaired in full. The unamortised portion of the landlord contribution of AU\$517 917 was released to income and provision was made in the amount of AU\$215 000 being the final termination settlement payable to the landlord and an estimate of certain restoration costs.

6 INTEREST IN ASSOCIATE COMPANIES

6.1 Interest in associate companies

	2008 R'000	2007 R'000
Balance at beginning of year	2 003	1 214
Effect of foreign exchange fluctuations	323	172
Share of loss of associate companies	(292)	(344)
Acquisition of associate company	-	1 067
Transfer to investment in subsidiary company (refer notes 29.1 and 29.5)	(353)	(2)
Disposal of investment in associate company	-	(104)
Balance at end of year	1 681	2 003
Loans to associate companies	7 929	9 530
Total interest in associate companies	9 610	11 533

A profit from associates of R0.032 million (2007: loss of R0.601 million) was not recognised during the year as the entities in question had incurred cumulative losses greater than the group's initial carrying values of the respective investments. The group's share of cumulative unrecognised losses amounts to R3.986 million (2007: R3.937 million) at year-end, translated at rates of exchange ruling at the balance sheet date.

6.2 Analysis of investment in associate companies

	Effective holdings %*	Carrying value of investment at beginning of year R'000	Effect of foreign exchange fluctuations R'000	Transfers R'000	Share of loss of associate companies R'000	Carrying value of investment at end of year R'000
Bathspur Pty Ltd (Australia)	23.3	-	-	-	-	-
Caspur Pty Ltd (Australia)	-.**	-	-	-	-	-
Mohawk Spur Ltd (UK)	-.**	367	49	(353)	(63)	-
Pan Pen Pty Ltd (Australia)	23.3	1 635	274	-	(229)	1 680
Pangara Pty Ltd (Australia)	23.3	1	-	-	-	1
Spur Steak Ranches Unit Trust (Australia)	50.0	-	-	-	-	-
		2 003	323	(353)	(292)	1 681

	Effective holdings %*	Loans in foreign currency '000	Foreign currency	Loans in rands 2008 R'000	Share in post acquisition reserves 2008 R'000	2007 R'000
Bathspur Pty Ltd (Australia)	23.3	-	-	-	-	-
Caspur Pty Ltd (Australia)	-.**	-	-	-	-	(274)
Mohawk Spur Ltd (UK)	-.**	-	-	-	-	(488)
Pan Pen Pty Ltd (Australia)	23.3	-	-	-	201	430
Pangara Pty Ltd (Australia)	23.3	163	AU\$	1 246	-	-
Spur Steak Ranches Unit Trust (Australia)	50.0	872	AU\$	6 683	(6)	(6)
				7 929	195	(338)

* Indirect

** Caspur Pty Ltd and Mohawk Spur Ltd became subsidiaries during the year (refer note 29)

Loans to associate companies are generally secured, interest-free, with no fixed repayment terms.

All associate companies operate as restaurants. All the above loans are denominated in the foreign currencies indicated above. These loans are all uncovered and are converted into South African Rands at the ruling exchange rate as at 30 June 2008, as follows:
- AU\$1: R7.6579

The financial information used in determining the share of post acquisition reserves in associate companies was sourced from unaudited proforma financial statements at 30 June 2008 of the respective associate companies. The majority of the associate companies are not audited because no statutory requirement exists for audits to be performed in the event that the turnover is below a specified threshold.

6.3 Impairment allowance

	2008 R'000	2007 R'000
Balance at beginning of year	688	792
Utilised during the year	-	(792)
(Reversed)/recognised during the year	(96)	688
Transferred to goodwill (refer note 10)	(592)	-
Balance at end of year	-	688

During the 2007 financial year, a receivable from Bathspur Pty Ltd of R0.792 million was written off against the impairment allowance which was recognised in earlier years.

During the 2007 financial year, an impairment allowance of 50% of the loan receivable from Caspur Pty Ltd was recognised after certain impairment indicators were identified. During the current year, the outside shareholders' interests were acquired by the group, resulting in the company being consolidated. At the date of the acquisition, the fair value of the loan payable by Caspur Pty Ltd to the group was determined taking the impairment into consideration. This effectively resulted in a reduction in the goodwill recognised on acquisition (refer to notes 10 and 29).

6.4 Summarised financial position of associate companies - 100%

	Assets R'000	Liabilities R'000	Equity R'000	Revenue R'000	Profit/(loss) R'000
2008	22 803	22 767	36	57 662	(1 361)
2007	29 152	29 426	(230)	61 519	(10 925)

7 TOTAL INCOME TAX EXPENSE**7.1 Total income tax expense**

	2008 R'000	2007 R'000
South African normal tax		
Current - current year	21 027	20 713
- prior year	129	13
Deferred - current year	7 201	5 372
- rate change	(1 491)	-
- prior year	-	(55)
	26 866	26 043
Dutch normal tax		
Current - current year	116	327
Deferred - current year	825	1 427
	941	1 754
United Kingdom normal tax		
Current - current year	501	-
- prior year	106	-
Deferred - current year	436	-
- rate change	188	-
- prior year	(22)	-
	1 209	-
Income tax expense	29 016	27 797
Dutch normal tax		
Current - prior year	-	(1 316)
Deferred - prior year	1 476	(15 238)
Prior years' taxes relating to foreign subsidiary	1 476	(16 554)
Total income tax expense	30 492	11 243

7.2 Reconciliation of tax rate

	2008	2007
	%	%
South African normal tax rate	28.0	29.0
Change in tax rate	(1.5)	-
Effect of tax in foreign jurisdictions	(0.1)	0.1
Non-deductible expenditure	2.7	0.8
Non-taxable income	(0.3)	(0.5)
Prior year under provision	0.2	-
Prior years' taxes relating to foreign subsidiary	1.6	(17.8)
Tax losses on which deferred tax not provided	2.5	-
Tax losses utilised on which no deferred tax previously provided	(0.3)	-
Tax on attribution of foreign income	0.5	-
Tax on imputed income not included in net profit	0.2	-
Withholding tax	0.1	0.2
Other	0.2	0.3
Effective rate	33.8	12.1

During the year, the South African government enacted a reduction in the corporate tax rate from 29% to 28% with effect from the beginning of the financial year and a reduction in the rate of Secondary Tax on Companies from 12.5% to 10%.

During the year, the United Kingdom government enacted a reduction in the corporate tax rate from 30% to 28% with effect from 1 April 2008. The effective statutory tax rate applicable to the group's United Kingdom operations in the current year is therefore 29.5%. The tax rate applicable to "small companies" in the United Kingdom increased from 20% to 21% with effect from 1 April 2008 resulting in the effective statutory rate applicable to qualifying group small companies in the current year being 20.25%.

The statutory rates of tax applicable to group entities in The Netherlands and Australia are 25.5% and 30% respectively.

	2008	2007
	R'000	R'000
Estimated group tax losses available for set-off against future taxable income	49 261	23 182

A deferred tax asset has not been recognised in respect of tax losses amounting to R18.066 million (2007: R2.729 million).

A deferred tax asset amounting to R8.476 million (2007: R5.118 million) has been recognised in respect of the balance of the tax losses. R8.517 million and R1.715 million of the tax losses for which no deferred tax asset was created will be forfeited if not utilised within five years and by 2013 respectively (refer note 12).

Secondary Tax on Companies ("STC") of R36.359 million (2007: R37.854 million) would be payable in the event that the group and the company decided to declare all of its distributable reserves as a dividend.

7.3 Prior years' taxes relating to foreign subsidiary

During the 2007 year, the group recognised various tax adjustments relating to Steak Ranches International BV ("SRIBV"), a wholly owned subsidiary company incorporated in The Netherlands, in respect of earlier years. The adjustments in question were not recognised in earlier financial years as there was significant uncertainty regarding the quantification of the amounts which would have resulted in current and deferred tax assets being recognised resulting in the requisite recognition criteria in terms of IAS12 - Income Taxes not being met.

During the 2007 year, SRIBV was assessed for the first time by the Dutch Revenue Authorities. An agreement was also concluded between SRIBV and the Dutch Revenue Authorities as to the value and amortisation period of certain intellectual property owned by SRIBV and the application of deeming provisions on group loans. Following the conclusion of this agreement, both the probability and measurability criteria of the tax benefits were met providing the group with the necessary certainty required to recognise the tax assets in question.

The following tax adjustments were thus recognised in the 2007 year:

	2007	2007
	€'000	R'000
Current tax		
Withholding tax previously expensed	139	1 316
Deferred tax		
Deductible temporary differences in respect of international intellectual property	1 251	11 862
Cumulative tax losses at 30 June 2006	356	3 376
	1 607	15 238
	1 746	16 554

Withholding tax, which was previously expensed, was as a result of the agreement referred to above recognised as a pre-payment of Dutch normal tax which may be used as a credit against future Dutch tax payable.

The tax value and tax amortisation period of the group's international intellectual property, owned by SRIBV, was confirmed in the agreement referred to above. A deferred tax asset of €1 251 084 was recognised in respect of the deductible temporary difference that arose on consolidation.

In terms of the agreement reached, SRIBV confirmed with the Dutch Revenue Authorities, the cumulative tax losses up to and including the financial year ended 30 June 2004. Consistent principles have been applied in determining the tax losses for the subsequent financial years. Consequently, SRIBV's cumulative tax losses of €1 408 323 (equating to a tax asset of €356 047) as at 30 June 2006 were available for offset against future taxable income and a deferred tax asset was recognised accordingly.

During the current financial year, the Dutch Revenue Authorities enacted legislation which limits the period during which tax losses can be utilised to nine years. The legislation was implemented with retrospective effect. As a consequence, of the deferred tax asset recognised in the prior year, an amount of €137 124 (the equivalent of R1.476 million) was written off in the current year.

8 EARNINGS PER SHARE

8.1 Statistics

	2008	2007
Earnings per share (cents)	67.23	92.80
Diluted earnings per share (cents)	65.07	89.39
Headline earnings per share (cents)	76.45	91.53
Diluted headline earnings per share (cents)	73.99	88.17

8.2 Reconciliation of shares in issue to weighted average number of ordinary shares

	2008 000's	2007 000's
Shares in issue at beginning of year	97 633	97 633
Shares repurchased at beginning of year	(9 477)	(9 477)
Weighted average number of ordinary shares	88 156	88 156

8.3 Reconciliation of weighted average number of ordinary shares to weighted average diluted number of shares

	2008 000's	2007 000's
Weighted average number of shares	88 156	88 156
Dilutive effect of share options	2 931	3 358
Weighted average diluted number of shares	91 087	91 514

8.4 Reconciliation of basic to headline earnings

	2008 R'000	2007 R'000
Income attributable to shareholders	59 266	81 807
Impairment of property, plant and equipment	8 174	-
Loss on disposal of associate company	-	104
Loss on disposal of property, plant and equipment	1	171
Profit on disposal of intangible asset	-	(1 397)
Profit on disposal of minority share in subsidiary	(46)	-
Headline earnings	67 395	80 685

None of the items listed above have any tax consequences.

9 PROPERTY, PLANT AND EQUIPMENT

2008

	Land and buildings R'000	Leasehold improvements R'000	Furniture and fittings R'000	Plant, equipment and vehicles R'000	Computer equipment R'000	Total R'000
COST						
Balance at 1 July 2007	39 957	25 361	5 599	18 385	10 054	99 356
Acquisition of subsidiaries	-	10 260	3 421	3 165	597	17 443
Additions	35	8 477	1 770	2 527	1 845	14 654
Disposals	-	-	(48)	(40)	(517)	(605)
Effect of foreign exchange fluctuations	-	4 866	1 074	1 580	31	7 551
Balance at 30 June 2008	39 992	48 964	11 816	25 617	12 010	138 399
ACCUMULATED DEPRECIATION						
Balance at 1 July 2007	(527)	(342)	(2 114)	(6 123)	(7 268)	(16 374)
Acquisition of subsidiaries	-	(2 183)	(1 017)	(1 075)	(471)	(4 746)
Disposals	-	-	22	26	456	504
Depreciation	(337)	(2 964)	(1 032)	(3 625)	(1 788)	(9 746)
Impairment	-	(5 558)	(863)	(1 451)	(302)	(8 174)
Effect of foreign exchange fluctuations	-	(345)	(246)	(306)	(76)	(973)
Balance at 30 June 2008	(864)	(11 392)	(5 250)	(12 554)	(9 449)	(39 509)
NET BOOK VALUE						
Balance at 1 July 2007	39 430	25 019	3 485	12 262	2 786	82 982
Acquisition of subsidiaries	-	8 077	2 404	2 090	126	12 697
Additions	35	8 477	1 770	2 527	1 845	14 654
Disposals	-	-	(26)	(14)	(61)	(101)
Depreciation	(337)	(2 964)	(1 032)	(3 625)	(1 788)	(9 746)
Impairment	-	(5 558)	(863)	(1 451)	(302)	(8 174)
Effect of foreign exchange fluctuations	-	4 521	828	1 274	(45)	6 578
Balance at 30 June 2008	39 128	37 572	6 566	13 063	2 561	98 890

2007

	Land and buildings R'000	Leasehold improvements R'000	Furniture and fittings R'000	Plant, equipment and vehicles R'000	Computer equipment R'000	Total R'000
COST						
Balance at 1 July 2006	28 381	-	3 338	9 604	8 238	49 561
Additions	11 576	25 322	2 940	9 027	1 827	50 692
Disposals	-	-	(709)	(294)	(21)	(1 024)
Effect of foreign exchange fluctuations	-	39	30	48	10	127
Balance at 30 June 2007	39 957	25 361	5 599	18 385	10 054	99 356
ACCUMULATED DEPRECIATION						
Balance at 1 July 2006	(256)	-	(2 057)	(4 150)	(5 486)	(11 949)
Disposals	-	-	437	152	8	597
Depreciation	(271)	(329)	(489)	(2 111)	(1 787)	(4 987)
Effect of foreign exchange fluctuations	-	(13)	(5)	(14)	(3)	(35)
Balance at 30 June 2007	(527)	(342)	(2 114)	(6 123)	(7 268)	(16 374)
NET BOOK VALUE						
Balance at 1 July 2006	28 125	-	1 281	5 454	2 752	37 612
Additions	11 576	25 322	2 940	9 027	1 827	50 692
Disposals	-	-	(272)	(142)	(13)	(427)
Depreciation	(271)	(329)	(489)	(2 111)	(1 787)	(4 987)
Effect of foreign exchange fluctuations	-	26	25	34	7	92
Balance at 30 June 2007	39 430	25 019	3 485	12 262	2 786	82 982

Details of assets encumbered are included in notes 20 and 23.

10 INTANGIBLE ASSETS AND GOODWILL**2008**

	Trademarks and intellectual property R'000	Goodwill R'000	Franchise rights R'000	Total R'000
COST				
Balance at 1 July 2007	271 865	731	-	272 596
Acquisition of subsidiaries	-	7 123	-	7 123
Additions	-	-	2 861	2 861
Loan impairment credited against goodwill*	-	(592)	-	(592)
Effect of foreign exchange fluctuations	-	-	(80)	(80)
Balance at 30 June 2008	271 865	7 262	2 781	281 908
ACCUMULATED AMORTISATION				
Balance at 1 July 2007	-	-	-	-
Amortisation	-	-	(38)	(38)
Effect of foreign exchange fluctuations	-	-	(3)	(3)
Balance at 30 June 2008	-	-	(41)	(41)
NET BOOK VALUE				
Balance at 1 July 2007	271 865	731	-	272 596
Acquisition of subsidiaries	-	7 123	-	7 123
Additions	-	-	2 861	2 861
Loan impairment credited against goodwill*	-	(592)	-	(592)
Amortisation	-	-	(38)	(38)
Effect of foreign exchange fluctuations	-	-	(83)	(83)
Balance at 30 June 2008	271 865	7 262	2 740	281 867

2007

	Trademarks and intellectual property R'000	Goodwill R'000	Franchise rights R'000	Total R'000
COST AND NET BOOK VALUE				
Balance at 1 July 2006	271 865	-	-	271 865
Acquisition of subsidiaries	-	731	-	731
Balance at 30 June 2007	271 865	731	-	272 596

* Refer note 6.3.

10.1 Trademarks and intellectual property

The above trademarks and intellectual property consists of the Spur, Panarottis and John Dory's trademarks and related intellectual property. The directors evaluated the indefinite useful life assessment of the assets at year-end and believe that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the group, which supports the indefinite useful life assessment of these assets.

In accordance with the group's accounting policies, an impairment test on intangible assets with indefinite useful lives has been performed. The directors considered the expected cash inflows to be generated by the trademarks and intellectual property and after applying a pre-tax discount rate of 20%, concluded that no impairment of the assets is required. In addition, various sensitivity analyses were performed by changing the key variables in the calculation and the recoverable amounts exceeded the carrying amounts in all instances.

10.2 Goodwill

Additions to goodwill during the year arose on the acquisition of a further 70% interest in Mohawk Spur Ltd and a further 60% of Caspur Pty Ltd as more fully described in note 29.

For the purposes of impairment testing, goodwill is allocated to the following cash-generating units:

	2008 R'000	2007 R'000
Panarottis Penrith (Australia)	553	553
John Dory's Franchise operations	178	178
Mohawk Spur (United Kingdom)	4 948	-
Mustang Spur (Australia)	1 583	-
Total goodwill	7 262	731

The recoverable amounts of the cash-generating units were based on their values-in-use which were determined to be higher than their carrying amounts and consequently no impairment is considered necessary.

In determining the values-in-use, the directors applied the following key assumptions:

Panarottis Penrith (Australia)

- Future cash flows over the next five years were anticipated taking into account a 7% growth in turnover and an inflation rate of 4.2%.
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 3%.
- Cash flows were discounted at a rate of 16%, being the risk-free rate of 8.25% adjusted for risk factors.
- The present values of the cash flows were translated to the reporting currency at rates prevailing at the balance sheet date.

John Dory's Franchise operations

- Impairment of goodwill was considered as part of the trademark and intellectual property impairment test referred to in 10.1.

Mohawk Spur (United Kingdom)

- Future cash flows over the next five years were anticipated taking into account a 7% growth in turnover and an inflation rate of 4%.
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 2%.
- Cash flows were discounted at a rate of 12%, being the risk-free rate of 3% adjusted for risk factors.
- The present values of the cash flows were translated to the reporting currency at rates prevailing at the balance sheet date.

Mustang Spur (Australia)

- Future cash flows over the next five years were anticipated taking into account a 7% growth in turnover and an inflation rate of 4.2%.
- Growth in perpetuity of cash flows beyond the five year forecast horizon was estimated at 2%.
- Cash flows were discounted at a rate of 16%, being the risk-free rate of 8.25% adjusted for risk factors.
- The present values of the cash flows were translated to the reporting currency at rates prevailing at the balance sheet date.

10.3 Franchise rights

As part of the transaction to acquire the outside shareholder's interest in Mohawk Spur Ltd, an amount of £175 000 was paid to Trinity Leisure Ltd, the former master franchisee in the United Kingdom, for the franchising rights of the restaurant in question. The rights expire in February 2025. The cost of the franchise rights are therefore being amortised over the period to expiration on a straight-line basis.

11 LOANS RECEIVABLE**11.1 Trinity Leisure Ltd**

	2008 R'000	2007 R'000
Gross loan receivable at end of year	10 039	10 717
Balance of initial loss recognised at inception of loan	-	(401)
Fair value of amount outstanding at end of year	10 039	10 316
Current portion included in current assets	(1 907)	(1 288)
Non-current portion	8 132	9 028

The loan is denominated in Pound Sterling and converted into South African Rands using an exchange rate of £1:R15.8925 (2007: £1:R14.1798). At year-end the uncovered amount outstanding, before any fair value adjustment, amounted to £635 000 (2007: £756 000).

The loan is secured by shares in the borrower's business and is interest-free up to 30 June 2008, whereafter it becomes interest-bearing at a rate equal to the UK base rate plus 2 percentage points. The loan is repayable in monthly instalments of at least £10 000, payable on the last day of each month. Any outstanding balance must be settled by 31 July 2014.

11.2 Golden Spur Ltd (Kenya)

- 169

The loan was unsecured, interest-free and instalments of US\$1 822 were repayable every month. This loan was settled in full in the current year.

11.3 Sarcon Restaurants Ltd (Nevada Spur, Belfast)

Gross loan receivable at end of year	749	-
Current portion included in current assets	(96)	-
Non-current portion	653	-

This loan is repayable from March 2009 in 36 equal monthly instalments. The loan is unsecured and interest-free. The loan is denominated in Pound Sterling which at year-end amounted to £47 118.

11.4 Signature Restaurants Ltd (Arizona Spur, Newry)

Gross loan receivable at end of year	993	-
Current portion included in current assets	(318)	-
Non-current portion	675	-

This loan is repayable from August 2008 in 36 equal monthly instalments. The loan is unsecured and interest-free. The loan is denominated in Pound Sterling which at year-end amounted to £62 502.

11.5 Panarottis Advertising Marketing Fund

Gross loan receivable at end of year	803	-
Current portion included in current assets	(803)	-
Non-current portion	-	-

11.6 Panarottis Advertising Australia Marketing Fund

Gross loan receivable at end of year	67	-
Current portion included in current assets	(67)	-
Non-current portion	-	-

11.7 Loans to associates

Gross loans receivable at end of year	586	-
Current portion included in current assets	(222)	-
Non-current portion	364	-

Loans amounting to R0.364 million are unsecured, interest-free and have no fixed repayment terms, while loans amounting to R0.222 million are unsecured, interest-free and due within the next 12 months.

11.8 Loans to operating partners

	2008 R'000	2007 R'000
Gross loans receivable at end of year	2 822	4 342
Current portion included in current assets	(302)	-
Non-current portion	2 520	4 342

Loans totalling £177 560 (R2.822 million translated at the year-end exchange rate) (2007: £230 000, the equivalent of R3.262 million) bear interest at 6.5% per annum and are repayable over 10 years in equal monthly instalments commencing November 2007.

The prior year included a loan of AU\$180 000 (R1.080 million) which was repaid during the current year.

The loans to operating partners were granted to finance their share of the start-up capital of new retail restaurants. The loans are secured by the operating partners' shares in the respective restaurants.

11.9 Loans to participants of Management Incentive Scheme

Pierre van Tonder - gross loan R1.0 million	1 107	-
Mark Farrelly - gross loan R1.0 million	1 007	-
Kevin Robertson - gross loan R0.42 million	452	-
Non-current portion	2 566	-

These loans are advanced by Maxshell 72 Investments (Pty) Ltd. The group has no equity interest in this company but is required to consolidate this special purpose entity in accordance with the group's accounting policies (refer note 1.2.1).

The loans bear interest at prime less 2.25% and are repayable in one lump sum in December 2009. The loans to Pierre van Tonder and Mark Farrelly are secured by mortgages over fixed property, while the loan to Kevin Robertson is secured by a pledge of shares in a share-block company.

Total gross loans receivable at end of year	18 625	14 827
Current portion included in current assets	(3 715)	(1 288)
Total non-current loans receivable	14 910	13 539

12 DEFERRED TAX

	2008 R'000	2007 R'000
Balance at beginning of year	18 640	26 616
Total charged to income statement	8 613	(8 494)
Current year deferred tax charge	8 440	6 744
Change in tax rate	(1 303)	-
Prior years' deferred tax asset derecognised/(recognised) relating to foreign subsidiary (refer note 7.3)	1 476	(15 238)
Charged to equity	(5 483)	518
Tax on foreign exchange loss on net investments in foreign subsidiaries	(1 236)	-
Change in tax rate	311	-
Tax on share-based payments	-	614
Effect of foreign exchange fluctuations	(4 558)	(96)
Balance at end of year	21 770	18 640
The deferred tax asset comprises:		
Intellectual property - International	11 855	10 494
Leave pay	13	-
Property, plant and equipment	(1 378)	-
Tax loss	8 476	5 118
The Netherlands (at 25.5%)	7 098	4 701
United Kingdom (at 28.0%) (2007: 20.0%)	1 378	301
South Africa (at 29.0%)	-	116
	18 966	15 612

	2008 R'000	2007 R'000
The deferred tax liability comprises:		
Intangible assets	47 148	43 406
Share-based payments	(6 786)	(9 036)*
Property, plant and equipment	487	163
Leave pay	(345)	(427)
Other	232	146
	40 736	34 252

*Restated. Refer note 40.

The deferred tax asset recognised in respect of cumulative tax losses in The Netherlands relates to a wholly owned subsidiary company, Steak Ranches International BV ("SRIBV"), incorporated in The Netherlands (refer note 7.3). The directors consider that sufficient future Dutch taxable income will be generated by SRIBV to utilise the deferred tax asset recognised in respect of Dutch tax losses. The reason for the historic tax losses in SRIBV is primarily as a result of favourable allowances which that company benefits from in respect of its intellectual property. As these allowances continue until 2015, SRIBV may continue to recognise future tax losses until then. Taking this into account and given the expansion that has occurred in the group's international business in the current year and the planned expansion going forward, SRIBV is anticipated to generate sufficient taxable income in the future to utilise the past and anticipated future cumulative tax losses. Restrictions on the period during which these losses can be utilised were implemented by the Dutch Revenue Authorities in the current year with retrospective effect. This resulted in a partial derecognition in the current year of the asset recognised in the prior year (refer note 7.3).

The deferred tax asset recognised in respect of cumulative tax losses in the United Kingdom relates to Larkspur One Ltd, Larkspur Two Ltd and Mohawk Spur Ltd. The tax losses arose primarily as a result of accelerated capital allowances and initial start-up trading losses. The deferred tax asset recognised in respect of the tax losses was limited to the extent of the taxable temporary differences in the respective companies.

13 OTHER NON-CURRENT ASSET

	2008 R'000	2007 R'000
Balance at beginning of year	-	-
Acquisition of subsidiaries	3 896	-
Charge to income statement	(88)	-
Effect of foreign exchange fluctuations	(111)	-
Balance at end of year	3 697	-

The other non-current asset relates to the purchase of leasing rights in respect of the premises occupied by Mohawk Spur Ltd. The value of the leasing rights is being expensed to the income statement as part of the rent expense over the remaining lease term which expires in September 2018.

14 INVENTORY

	2008 R'000	2007 R'000
Raw materials	1 608	700
Merchandising and packaging	5	8
Promotional and advertising	34	34
Finished goods	4 977	4 201
	6 624	4 943

15 TRADE AND OTHER RECEIVABLES

	2008 R'000	2007 R'000
Trade receivables	38 661	36 418
Impairment	(20)	(144)
Net trade receivables	38 641	36 274
Prepayments and deposits	8 611	3 445
Staff loans	263	145
VAT and other indirect taxes receivable	898	5 450
Other	253	498
	48 666	45 812

The impairment is determined based on information regarding the financial position of each trade receivable as at year-end. No consideration is taken of trade receivables that may become irrecoverable in the future.

16 CASH AND CASH EQUIVALENTS

	2008 R'000	2007 R'000
Current accounts	66 865	45 134
Bank overdraft	(2 262)	(916)
	64 603	44 218

17 ORDINARY SHARE CAPITAL

	Number of shares		2008 R'000	2007 R'000
	2008 '000	2007 '000	2008 R'000	2007 R'000
Authorised				
Ordinary shares of 0.001 cents each	201 000	201 000	2	2
Issued				
Ordinary shares of 0.001 cents each	97 633	97 633	1	1
Shares repurchased by subsidiary companies	(9 477)	(9 477)	-	-
	88 156	88 156	1	1

18 SHARE INCENTIVE SCHEME**Spur Management Incentive Scheme ("MIS")**

In December 2004 an equity settled management share incentive scheme was introduced. This share scheme is the only type of share-based payment arrangement in existence. In terms of a General Meeting on 15 December 2004, shareholders approved the utilisation of a maximum of 10% (9 763 283) of the ordinary shares in issue for the purposes of the MIS. The aggregate number of shares utilised for the purposes of the MIS is 9 750 000, representing less than 10% of the aggregate of the company's issued ordinary shares at December 2004. In terms of the scheme, two thirds of the shares will vest with management on 18 December 2009, while the remaining one third will vest on 18 December 2010.

Fair Value

The group accounts for share-based payments in accordance with IFRS 2 Share-based payments, which requires the fair value of share options granted to employees to be valued at the grant date and expensed through the income statement over the vesting period of the option. The fair value of the options has been estimated on the grant date using a Binomial option pricing model. The fair value was independently determined and valued at R1.15 per share at grant date and this gives rise to an IFRS 2 charge being recognised in the income statement.

Financial year of grant	Options/shares granted	No. of options /shares granted	Expected life of options/shares	Grant price	Share price at grant date	Expected volatility ^a %	Expected dividend yield ^b %	Risk-free rate ^c %
2005	SUR	9 750 000	5	R5.85	R5.85	30.0	5.8	8.17

- a. The expected volatility is determined based on the rolling historical volatility over the expected option term that prevailed at the grant date.
- b. The expected dividend yield is the best estimate of the forward looking dividend yield over the expected life of the option. This has been estimated by reference to the historical average dividend yield during the period preceding the grant, equal to the vesting period of the grant.
- c. The risk-free rate is the yield on zero-coupon South African Government bonds of a term consistent with the estimated option term.

	2008 000's	2007 000's
Options/shares available for allocation to employees	9 750	9 750
Shares allocated to management	8 935	8 935
Options allocated to non-executive directors	815	815
Total shares allocated and options granted	9 750	9 750
	2008 R'000	2007 R'000
Fair value per share at grant date (Rands)	1.15	1.15
Number of shares and options ('000)	9 750	9 750
Total share-based payments expense to be recognised over the vesting period	11 213	11 213
Vesting as follows:		
one third over 6 years	623	623
two thirds over 5 years	1 495	1 495
Amount charged to income statement	2 118	2 118
Share-based payments reserve	2008 R'000	2007 R'000
The movement in the share-based payments reserve is as follows:		
Balance at beginning of year	17 817	16 313
Share-based payment expense net of related taxes	1 524	1 504
Effect of change in tax rate	(311)	-
Balance at end of year	19 030	17 817

19 RETAINED EARNINGS

	2008 R'000	2007 R'000
Retained earnings/(accumulated loss) attributable to:		
Holding company	(157)	(216)
Subsidiary companies	399 910	341 236
Associate companies	195	(338)
	399 948	340 682

20 LONG-TERM LOANS PAYABLE**20.1 Term Loan: Nedbank**

	2008 R'000	2007 R'000
Gross amount payable at end of year	18 710	-
Current portion included in current liabilities	(3 272)	-
Non-current portion	15 438	-

This loan is unsecured, bears interest at prime less 2.5% per annum and is repayable in 60 instalments which commenced in January 2008.

20.2 Equipment finance

Gross amount payable at end of year	391	-
Current portion included in current liabilities	(250)	-
Non-current portion	141	-

The equipment finance is secured by the assets financed (which had an original cost of AU\$122 955) and bears interest at a fixed rate of 10.64% per annum. 48 monthly instalments are due, which commenced in March 2006, to reduce the liability to 20% of the original gross liability. The balance is to be settled at the end of the finance period.

Total gross amounts payable at end of year	19 101	-
Current portion included in current liabilities	(3 522)	-
Total non-current loans payable	15 579	-

21 OPERATING LEASE LIABILITY

	2008 R'000	2007 R'000
Balance at beginning of year	-	-
Charge to income statement	1 217	-
Effect of foreign exchange fluctuations	104	-
Balance at end of year	1 321	-

Certain rental agreements concluded by the group during the year allowed for an initial rent free period. The total rent costs in terms of the leases have been expensed on a straight-line basis over the term of the lease including the rent free period. The rent free periods have expired, and the liability recognised above will be reversed over the remaining lease periods as a credit against future rental expenses.

22 TRADE AND OTHER PAYABLES

	2008 R'000	2007 R'000
Trade payables	19 742	20 059
Accruals	5 260	5 939
Leave pay and other employee benefits	1 798	1 332
VAT and other indirect taxes payable	4 710	3 077
Provision for onerous lease (refer note 5)	1 646	-
Other	2 771	1 873
	35 927	32 280

The provision for onerous lease relates to the settlement negotiated with the landlord of the premises occupied by Jack Salmon's Erina Fair, Australia (refer note 5.1). The provision amounts to AU\$200 000 plus an estimate of the site restoration costs of AU\$15 000. The lease terminated on 31 August 2008.

23 LOANS PAYABLE

	2008 R'000	2007 R'000
Loans owing to minority shareholders	2 121	6 880
John Dory's Franchise (Pty) Ltd minority shareholder loan	-	3 172
Other minority shareholders' loans	2 121	3 708
Marketing funds	8 612	7 406
Loans owing to associate companies	45	125
Trinity Leisure Ltd	557	-
Equipment finance	269	-
Current portion of long-term loans payable	3 522	-
	15 126	14 411

The loan to the minority shareholder of John Dory's Franchise (Pty) Ltd of R3.172 million in the prior year was unsecured, incurred interest at prime minus 2% per annum and had no repayment terms. This loan was capitalised during the current year. The loans owing to other minority shareholders of R2.121 million (2007: R3.708 million) are unsecured, interest-free and have no repayment terms.

The loans owing to the marketing funds represent the underspend of the marketing funds as at year-end. These amounts are carried forward to the next financial year and are utilised for future marketing spend.

The loans owing to associate companies are unsecured, interest-free and repayable within twelve months from the balance sheet date.

The loan owing to Trinity Leisure Ltd is unsecured, interest-free and repayable on demand.

The equipment finance liability relates to an amount payable by Jack Salmon's Erina Fair in respect of computer equipment purchased. The liability is secured by the assets financed (which had an original cost of AU\$37 435) and bears interest at a fixed rate of 11.26% per annum. The liability is repayable in 48 equal monthly instalments which commenced in February 2008. The full liability is reflected as current as the liability is likely to be settled as part of the winding up of the restaurant (refer note 5.1). The computer equipment securing the liability has been impaired in full.

24 DISTRIBUTIONS

	2008 R'000	2007 R'000
Final 2007 - 29.0 cents (2006: 25.0 cents) per share	28 314	24 408
Interim 2008 - 28.0 cents (2007: 26.0 cents) per share	27 337	25 385
	55 651	49 793

The directors have approved a final distribution of 27 cents per share, comprising a capital reduction in lieu of dividends to be written off against share premium equating to 11.6 cents per share and a dividend of 15.4 cents per share, to be paid on 6 October 2008. The dividend payable on 6 October 2008 will be subject to Secondary Tax on Companies at a rate of 10%. Distributions on treasury shares are evident in the Statement of Changes in Group Equity.

25 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2008 R'000	2007 R'000
Profit before tax	90 094	92 995
Adjusted for:		
Amortisation - intangible assets	38	-
Amortisation - leasing rights	88	-
Depreciation	9 746	4 987
Finance expense	1 568	1 021
Finance income	(6 420)	(4 775)
Foreign exchange loss/(gain)	1 717	(111)
Impairment of property, plant and equipment	8 174	-
Impairment reversal - loans to associates	(96)	-
Loss on disposal of associate company	-	104
Loss on disposal of property, plant and equipment	1	241
Movement in trade receivable impairment allowance	(124)	-
Movement in operating lease liability	1 217	-
Movement in provision for onerous lease	1 646	-
Profit on disposal of intangible asset	-	(1 397)
Profit on disposal of minority share in subsidiary	(46)	-
Share of loss of associate companies	292	344
Share-based payments expense	2 118	2 118
	110 013	95 527

26 WORKING CAPITAL CHANGES

	2008 R'000	2007 R'000
Increase in inventory	(1 208)	(2 705)
Increase in trade and other receivables	(704)	(5 592)
(Decrease)/increase in trade and other payables	(4 323)	13 634
(Increase)/decrease in short-term loans receivable	(1 976)	567
(Decrease)/increase in short-term loans payable	(654)	4 099
	(8 865)	10 003

27 TAX PAID

	2008 R'000	2007 R'000
Tax paid is reconciled to the amount disclosed in the income statement as follows:		
Amount payable at beginning of year	(7 642)	(3 717)
Current tax charged to the income statement	(21 879)	(19 737)
Current tax charged to equity	(594)	-
Effect of foreign exchange fluctuations	(53)	-
Amount payable at end of year	5 405	7 642
	(24 763)	(15 812)

28 DISTRIBUTIONS PAID

	2008 R'000	2007 R'000
Distributions paid are reconciled to the amount disclosed as follows:		
Amount payable at beginning of year	(302)	(372)
Net capital distributions	(50 249)	(44 960)
Amount payable at end of year	352	302
	(50 199)	(45 030)

29 ACQUISITION OF SUBSIDIARIES**29.1 Mohawk Spur Ltd**

During the year, the group acquired a further 70% of Mohawk Spur Ltd from an outside shareholder, resulting in the group owning 100% of this company. The purchase was effective from 1 April 2008. The company operates the Mohawk Spur restaurant located in Wandsworth in the United Kingdom.

	2008 R'000	2007 R'000
The fair values of the assets and liabilities acquired were as follows:		
Property, plant and equipment	8 349	-
Inventory	85	-
Trade and other receivables	2 368	-
Other non-current asset	3 896	-
Cash and cash equivalents	1 414	-
Shareholder loans	(2 845)	-
Trade and other payables	(1 813)	-
Loans payable	(572)	-
Net assets acquired	10 882	-
Goodwill	4 948	-
Purchase consideration	15 830	-
Current investment in Mohawk Spur Ltd (refer note 6.1)	(353)	-
Cash paid for acquisition	15 477	-
Cash and cash equivalents acquired on acquisition	(1 414)	-
Net cash flow on acquisition	14 063	-

The purchase consideration includes professional and other costs directly related to the transaction of R1.730 million.

Since acquisition, Mohawk Spur Ltd incurred a loss of R0.426 million.

29.2 Caspur Pty Ltd

During the year, the group acquired a further 60% of Caspur Pty Ltd from outside shareholders, resulting in the group owning 100% of this company. The purchase was effective from 1 February 2008. The company operates Mustang Spur in Campbelltown in Australia.

	2008 R'000	2007 R'000
The fair values of the assets and liabilities acquired were as follows:		
Property, plant and equipment	4 348	-
Inventory	144	-
Trade and other receivables	714	-
Cash and cash equivalents	104	-
Short-term loans payable	(1 409)	-
Long-term loans payable	(391)	-
Shareholder loans	(2 739)	-
Trade and other payables	(1 654)	-
Net liabilities acquired	(883)	-
Goodwill	2 175	-
Purchase consideration	1 292	-
Cash and cash equivalents acquired on acquisition	(104)	-
Net cash flow on acquisition	1 188	-

Since acquisition, Caspur Pty Ltd incurred a loss of R0.790 million.

29.3 Panawest Pty Ltd

During the year, the group disposed of a 7.33% interest in Panawest Pty Ltd with effect from 1 February 2008 for R46 000. The company operates the Panarottis in Blacktown, Australia. The interest was sold to the restaurant's operating partner.

29.4 Spur Central Pty Ltd

During the year, the group acquired a further 20% of Spur Central Pty Ltd from the minority shareholder for no consideration, resulting in the group owning a 100% of this company. The purchase was effective from 1 February 2008. Spur Central Pty Ltd operates the Seven Eagles Spur in Erina Fair, Australia.

29.5 Panhold Pty Ltd

During the prior year, the group acquired a further 30% of Panhold Pty Ltd resulting in the group owning a 70% interest in this company. Panhold Pty Ltd is an Australian holding company which holds a 33% shareholding in the company, Pan Pen Pty Ltd. The purchase was effective from 1 July 2006. Pan Pen Pty Ltd operates the Panarottis restaurant in Penrith, Australia.

	2008 R'000	2007 R'000
The fair values of the assets and liabilities acquired were as follows:		
Trade and other receivables	-	2
Loans receivable	-	134
Cash and cash equivalents	-	1
Investment in associate company	-	1 067
Loans payable	-	(1 272)
Net liabilities acquired	-	(68)
Current investment in Panhold Pty Ltd (refer note 6.1)	-	(2)
Goodwill	-	553
Purchase consideration	-	483
Cash and cash equivalents acquired on acquisition	-	(1)
Net cash flow on acquisition	-	482

29.6 John Dory's Franchise (Pty) Ltd

During the prior year, the group acquired a further 5% interest in John Dory's Franchise (Pty) Ltd from a minority shareholder, increasing the group's shareholding to 65% with effect from 31 October 2006.

	2008 R'000	2007 R'000
The fair value of the net assets acquired were as follows:		
Goodwill	-	178
Minority shareholder's interest	-	(43)
Net cash flow on acquisition	-	135
Total net cash flow on acquisition	15 251	617

30 OTHER NON-CASH TRANSACTION

During the year, the loans payable by John Dory's Franchise (Pty) Ltd to the group and that company's minority shareholder, which were in the same ratio as the shareholding, were converted to equity in the same ratio. The loan payable to the minority shareholder was R3.155 million immediately prior to the capitalisation.

31 CAPITAL COMMITMENTS

There are no planned significant capital commitments as at the date of this report.

32 DIRECTORS' EMOLUMENTS

The following emoluments were paid by a subsidiary company:

2008	Fees R'000	Cash remuneration R'000	Equity compensation benefits R'000	Travel allowance R'000	Provident fund R'000	Medical aid R'000	Performance bonus R'000	Total cost to company R'000
Executive								
Allen Ambor	-	1 555	76	189	233	54	77	2 184
Pierre van Tonder	-	1 883	270	189	215	64	76	2 697
Mark Farrelly	-	1 109	203	142	166	58	56	1 734
Ronel van Dijk	-	1 099	77	-	165	-	53	1 394
Kevin Robertson	-	873	163	142	131	52	48	1 409
Phillip Joffe	-	421	65	48	94	30	25	683
Total	-	6 940	854	710	1 004	258	335	10 101
Non-executive								
John Rabb	50	-	-	-	-	-	-	50
Keith Getz	100	-	51	-	-	-	-	151
Keith Madders	50	-	61	-	-	-	-	111
Dean Hyde	100	-	65	-	-	-	-	165
Total	300	-	177	-	-	-	-	477
Total remuneration	300	6 940	1 031	710	1 004	258	335	10 578
2007								
Executive								
Allen Ambor	-	1 420	76	189	213	43	140	2 081
Pierre van Tonder	-	1 677	270	189	210	47	161	2 554
Mark Farrelly	-	1 014	203	142	152	47	101	1 659
Ronel van Dijk*	-	735	77	-	94	-	70	976
Kevin Robertson	-	794	163	142	119	47	80	1 345
Phillip Joffe	-	374	65	48	84	44	46	661
Total	-	6 014	854	710	872	228	598	9 276
Non-executive								
John Rabb	50	-	-	-	-	-	-	50
Keith Getz	100	-	51	-	-	-	-	151
Keith Madders	50	-	61	-	-	-	-	111
Dean Hyde	100	-	65	-	-	-	-	165
Total	300	-	177	-	-	-	-	477
Total remuneration	300	6 014	1 031	710	872	228	598	9 753

* Appointed 1 September 2006, accordingly director's emoluments are for 10 months.

The following number of shares/options have been allocated to directors in terms of the management incentive scheme (refer note 18):

	Shares 000's
Executive	
Allen Ambor	350
Pierre van Tonder	1 241
Mark Farrelly	936
Ronel van Dijk	375
Kevin Robertson	749
Phillip Joffe	300
Total shares allocated	3 951
	Options 000's
Non-executive	
Keith Getz	234
Keith Madders	281
Dean Hyde	300
Total options granted	815
Total shares allocated and options granted	4 766

33 RETIREMENT BENEFITS

The group has its own defined contribution Provident Fund in South Africa, with 184 members at 30 June 2008 (2007: 185 members). The Spur Group (Pty) Ltd Provident Fund is administered by Liberty Group Limited. Refer note 5 for contributions made to the fund.

34 MARKETING FUNDS

In terms of signed franchise agreements, the group receives marketing contributions from franchisees which are kept and accounted for in marketing funds. These funds are utilised for the procurement of marketing and advertising services for the benefit of the franchisees. During the year, the marketing funds received R88.3 million (2007: R74.9 million) in advertising contributions. Marketing funds received are not included in the group's revenue as these are for the exclusive benefit of the franchisees. To the extent that funds received have not been utilised, a liability is recognised in the group balance sheet (refer note 23).

35 OPERATING LEASES

Future minimum lease payments under non-cancellable operating leases are as follows:

	2008 R'000	2007* R'000
Next year	9 723	4 821
Year two through to year five	36 242	21 612
More than five years	89 123	74 411
	135 088	100 844

* Restated to correctly reflect lease commitments at 30 June 2007.

Lease payments in foreign currencies have been translated into Rands at the rates prevailing at year-end.

The lease commitments in respect of Jack Salmon's Erina Fair have only been included up to the date that the lease has been cancelled (refer note 5.1).

Certain leases concluded in the United Kingdom are for a total period of 25 years. Rentals in terms of these leases are subject to a review every five years. The rental payments are fixed for the period of five years between the review periods. In respect of such leases, the future minimum lease payments have been calculated at the rates of rent prevailing at the balance sheet date for the remaining period of the leases.

Other leases are for periods ranging from five to ten years, subject to renewal options for further five-year periods. These leases have fixed annual escalations for the period of the lease that were market related at the time of concluding the lease.

All leases provide that the rent to be paid is the greater of the basic rental and a certain percentage of turnover. The percentage of turnover was market related at the time of concluding the lease.

36 RELATED PARTY DISCLOSURE

36.1 Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions which have been eliminated on consolidation. Also refer to note 9 of the company financial statements on page 86 for guarantees given to subsidiary companies.

36.2 Directors

Loans have been advanced to certain directors of the group by a Special Purpose Entity that is consolidated but in which the group has no shareholding. Particulars of these loans are detailed in note 11.9.

A number of the group's directors hold positions in other entities, where they may have significant influence over the financial or operating policies of these entities. Accordingly, the following are considered to be such entities:

Director	Entity	Relationship with entity
Allen Ambor	The Ambor Family Trust (note i) Yankee Products (Pty) Ltd (note i)	Trustee Shareholder
Pierre van Tonder	African Spirit (Pty) Ltd (note ii) ^{2,7} Desert Star Trading 434 (Pty) Ltd (trading as John Dory's Westcoast Village) ^{1,2,7} Mystic Blue Trading 65 (Pty) Ltd (trading as Seven Spur) ^{1,7} Nungu Trading 442 (Pty) Ltd (trading as Malibu Spur) ^{1,7} Satinka Steak House (Pty) Ltd (trading as Indigo Spur) ^{1,2,7} Utah Steak House (Pty) Ltd (trading as Panarottis Bayside, Table View) ^{1,7}	
Dean Hyde	African Spirit (Pty) Ltd (note ii) ⁸ Desert Star Trading 434 (Pty) Ltd (trading as John Dory's Westcoast Village) ^{1,8} Jude Way Trading CC (note iii) Mystic Blue Trading 65 (Pty) Ltd (trading as Seven Spur) ^{1,8} Nungu Trading 442 (Pty) Ltd (trading as Malibu Spur) ^{1,8} Satinka Steak House (Pty) Ltd (trading as Indigo Spur) ^{1,2,8} Utah Steak House (Pty) Ltd (trading as Panarottis Bayside, Table View) ^{1,8}	Member
Keith Madders	Gemini Moon Trading 294 (Pty) Ltd (note iv) Kamplans Limited (note v) Spur Ekwiti Restaurants (Pty) Ltd (note vi)	Shareholder Shareholder Shareholder
Mark Farrelly	Carago Trust (trading as Golden Cloud Spur) ^{1,2} Evening Star 384 (Pty) Ltd (trading as Maverick Spur) ^{1,2} Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur) ¹ Lexmar Entertainment CC (note vii) Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur) ¹ Ten Cents Investments 16 CC (trading as Sarasota Spur) ^{1,3} Tonto Steak Ranch (Pty) Ltd (trading as Boulder Creek Spur) ^{1,3}	Trustee Shareholder Shareholder Member Shareholder Member Shareholder
Kevin Robertson (Spouse)	Clearpan (Pty) Ltd (trading as Panarottis Clear Water Mall) ¹	Shareholder
Keith Getz	Bernadt Vukic Potash & Getz (note viii)	Partner
Phillip Joffe	Strand Steak Ranch (Pty) Ltd (trading as San Francisco Spur) ¹ Claremont Steak Ranch (Pty) Ltd (trading as Rodeo Spur) ^{1,2}	Shareholder Shareholder

Transactions between the group and all the above entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

These transactions include:

- i) A subsidiary company within the group has entered into property lease transactions with entities controlled by Allen Ambor. Rental paid to these entities totalled R423 989 in 2008 (R1 607 287 in 2007).
- ii) African Spirit (Pty) Ltd holds shares in the following entities:
 Autumn Star Trading 738 (Pty) Ltd (trading as John Dory's Canal Walk)¹
 Perfect Stones (Pty) Ltd (trading as San Miguel Spur)¹
 Sharp Mover Trading 186 (Pty) Ltd (trading as Golden River Spur)¹
 Somerset JD Fish and Grill (Pty) Ltd (trading as John Dory's Waterstone Village)¹
 Twin Cities Trading 210 (Pty) Ltd (trading as Little Creek Spur)^{1,3}
- iii) Jude Way Trading CC has provided consulting services to the group amounting to R336 461 in 2008 (R399 557 in 2007).
- iv) Gemini Moon Trading 294 (Pty) Ltd holds shares in Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)¹.
- v) Kamplans Limited has provided consulting services to the group amounting to R1 121 485 in 2008 (R1 079 361 in 2007).
- vi) Spur Ekwiti (Pty) Ltd holds shares in Golden Gate Steak Ranch (Pty) Ltd (trading as Golden Gate Spur)¹.
- vii) Lexmar Entertainment CC has provided conference facilities for the group amounting to R270 793 in 2008 (R211 867 in 2007).
- viii) Bernadt Vukic Potash & Getz serve as the group's principal legal counsel and have provided legal services on various matters in the ordinary course of business to the value of R1 864 608 in 2008 (R1 503 922 in 2007).

36.3 Key Management⁴

The key management personnel compensations are as follows:

	2008	2007
	R'000	R'000
Short-term employee benefits	7 360	8 065
Other long-term benefits	997	963
Equity compensation benefits	353	476
	8 710	9 504

Four (2007: three) members of key management hold shares in the following entities which are franchisees of the group:

Commshel 34 CC (trading as John Dory's Suncoast Casino)¹
 Commshel 64 CC (trading as John Dory's Gateway)¹
 Desert Star Trading 434 (Pty) Ltd (trading as John Dory's Westcoast Village)¹
 Evening Star Trading 384 (Pty) Ltd (trading as Maverick Spur)^{1,5,6}
 Gold Rush Steak Ranch (Pty) Ltd (trading as Gold Rush Spur)^{1,3,5,6}
 Little Crow Steak Ranch (Pty) Ltd (trading as Little Crow Spur)^{1,5,6}
 Nungu Trading 442 (Pty) Ltd (trading as Malibu Spur)¹
 Perfect Stones (Pty) Ltd (trading as San Miguel Spur)¹
 Rowmoor Investments No 237 (Pty) Ltd (trading as Panarottis Century City)^{1,2}
 Satinka Steak House (Pty) Ltd (trading as Indigo Spur)^{1,2}
 Somerset JD Fish and Grill (Pty) Ltd (trading as John Dory's Waterstone Village)¹
 Stone Eagle Steak Ranch (Pty) Ltd (trading as 7 Eagles Spur)^{1,5,6}
 Utah Steak House (Pty) Ltd (trading as Panarottis Bayside, Table View)¹

Transactions between the group and all the above entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Footnotes

- 1 These entities are franchisees. Franchise fees, determined as a percentage of restaurant turnover, are paid to the group in terms of the standard franchise agreement.
- 2 The interests in these entities were owned for a part of the year, but disposed of before year-end.
- 3 These interests were acquired during the current year.
- 4 Key management are listed on page 12 and exclude directors (directors' emoluments are detailed in note 32).
- 5 The key management personnel in question became key management personnel during the current year.
- 6 These interests are held indirectly through trusts. The key management personnel in question are beneficiaries of these trusts.
- 7 These interests are held by a trust of which Pierre van Tonder is a trustee. Certain of Mr Van Tonder's immediate family members are beneficiaries of the trust.
- 8 These interests are held by a trust of which Dean Hyde is a trustee. Certain of Mr Hyde's immediate family members are beneficiaries of the trust.

37 FINANCIAL INSTRUMENTS

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing these risks, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and overseeing of the group's risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

37.1 Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the group's receivables from customers, franchisees, operating partners and associated entities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2008	2007
	R'000	R'000
Financial assets included in trade and other receivables (note 15)*	43 698	38 447
Loans receivable (note 11)	18 625	14 827
Loans to associate companies (note 6)	7 929	9 530
Cash and cash equivalents (note 16)	66 865	45 134
	137 117	107 938

* Includes trade receivables, staff loans, deposits and other financial assets as defined in terms of IAS32 - Financial Instruments: Disclosure and Presentation.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each franchisee and customer. There are no significant concentrations of credit risk.

In the main, trade and other receivables comprise franchisees that have been transacting with the group for several years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their geographic location, ageing profile and existence of previous financial difficulties. There is furthermore one significant wholesale customer. The risk of counterparties defaulting is controlled by the application of credit approvals, limits and monitoring procedures.

The group does not require collateral in respect of trade and other receivables.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Gross amount	
	2008	2007
	R'000	R'000
Domestic	36 530	31 946
The Netherlands	1 284	4 375
United Kingdom	1	-
Australia	846	97
Trade receivables at end of year	38 661	36 418

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Gross amount	
	2008	2007
	R'000	R'000
Wholesale customers	9 814	3 937
Franchisees	28 847	32 481
Trade receivables at end of year	38 661	36 418

There are no significant amounts that are considered to be past due.

Where individual customers are not in compliance with the group's standard credit terms but formal repayment plans have been agreed, these amounts are not considered past due provided that the repayment terms are being substantially complied with.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008 R'000	2007 R'000
Balance at beginning of year	144	1 022
Amounts written off	(124)	(878)
Balance at end of year	20	144

The allowance in respect of trade receivables is used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

Loans receivable

The group limits its exposure to credit risk by advancing loans only to counterparties with good credit ratings. Given the good credit ratings, management does not expect any counterparty to fail to meet its obligations. The group may require collateral in respect of loans receivable depending on the level of risk perceived.

Loans to associate companies

The group advances foreign loans to associate companies. The credit risk is managed through continued management involvement in these entities. The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans advanced to associate companies. The main component of this allowance is a specific loss component that relates to individually significant exposures. Refer note 6.3 for more information.

Cash and cash equivalents

Reputable financial institutions with a high credit standing are used for cash handling purposes.

Guarantees

The group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 30 June 2008 no guarantees were outstanding from a group perspective (30 June 2007: Nil).

37.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's franchise divisions are largely cash generative. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 6 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the group maintains the following lines of credit:

- R30 million (2007: R12 million) general unsecured facility that may be structured as an overdraft, short-term loan, or asset finance. Interest would be payable at the South African prime overdraft rate.
- R40 million five-year unsecured term loan of which R20 million has been utilised during the course of the year. Interest is payable at 2.5% below the South African prime overdraft rate. The remaining R20 million facility is subject to annual renewal. Repayment terms are equal monthly payments (capital and interest) over five years.

In terms of the Articles of Association of the group's main local operating subsidiary, Spur Group (Pty) Ltd, that company has no limitations to its borrowing powers.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

30 June 2008	Carrying amount R'000	Contractual cash flows R'000	1 - 12 months R'000	1 - 2 years R'000	2 - 5 years R'000	More than 5 years R'000
Non-derivative financial liabilities						
Secured bank loans (note 20)	19 101	24 982	5 579	5 579	13 824	
Loans payable (note 23)	11 604	11 630	11 630			
Financial liabilities included in trade and other payables (note 22)*	27 773	27 773	27 773			
Bank overdraft (note 16)	2 262	2 262	2 262			
30 June 2007						
Non-derivative financial liabilities						
Loans payable (note 23)	14 411	14 411	14 411			
Financial liabilities included in trade and other payables (note 22)*	27 872	27 872	27 872			
Bank overdraft (note 16)	916	916	916			

* Includes trade payables, accruals and other financial liabilities as defined in terms of IAS32 - Financial Instruments: Disclosure and Presentation.

Where there are no formal repayment terms, the contractual cash flows are assumed to take place within 12 months and no interest is included.

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

International operations

The group's international operations are structured such that items of revenue, expenses, monetary assets and monetary liabilities attributed to group entities are all denominated in the respective group companies' functional currencies to the extent possible, with the exception of the group's international franchise company, Steak Ranches International BV. This company is exposed to currency risk as revenue and related receivables are denominated in currencies other than this company's functional currency which is Euros. This company is, furthermore, exposed to currency risk in respect of loan receivables denominated in currencies other than Euros. The most significant of these other currencies are Australian Dollars and Pounds Sterling.

Trade and loan receivables and payables are not hedged as the group's international operations trade in jurisdictions that are considered to have relatively stable currencies.

Exchange gains/losses relating to loans that are considered to be part of the net investment in a foreign entity are recognised directly in equity.

Local operations

The group's local operations are exposed to exchange risk only to the extent that it imports raw materials and certain merchandise for resale from time to time. The number and value of these transactions is not considered significant. The group uses forward exchange contracts to hedge its exposure to currency risk in this regard. The group does not use forward exchange contracts or other derivative contracts for speculative purposes.

Consolidation

The group's consolidated results are influenced by exchange fluctuations between the functional currencies of group entities and the group's reporting currency. The group entities' functional currencies include primarily Euros, Pounds Sterling and Australian Dollars.

The group's investments in associates are not hedged as those currency positions are considered to be long-term in nature.

Exposure to currency risk

The group's exposure to foreign currency risk was as follows as at 30 June:

	GBP '000	USD '000	AUD '000	EUR '000	BWP '000	MUR '000	TZS '000	KES '000	NAD '000
2008									
Assets									
Cash and cash equivalents	373	96	157	150	-	-	-	-	239
Trade and other receivables	387	2	355	19	74	44	5 471	284	158
Loans receivable	922	-	1 073	-	-	-	-	-	-
Total assets	1 682	98	1 585	169	74	44	5 471	284	397
Liabilities									
Loans payable	(140)	-	(144)	-	-	-	-	-	-
Trade and other payables	(384)	(1)	(1 055)	(22)	-	-	-	-	-
Bank overdraft	(2)	-	(9)	-	-	-	-	-	-
Total liabilities	(526)	(1)	(1 208)	(22)	-	-	-	-	-
Total net exposure	1 156	97	377	147	74	44	5 471	284	397
2007									
Assets									
Cash and cash equivalents	657	47	340	92	-	-	-	-	682
Trade and other receivables	596	22	162	20	54	57	5 393	227	138
Loans receivable	899	4	1 016	387	-	-	-	-	-
Total assets	2 152	73	1 518	499	54	57	5 393	227	820
Liabilities									
Loans payable	(170)	(2)	(230)	-	-	-	-	-	-
Trade and other payables	(557)	(3)	(249)	(49)	-	-	-	-	-
Bank overdraft	(17)	-	-	-	-	-	-	-	-
Total liabilities	(744)	(5)	(479)	(49)	-	-	-	-	-
Total net exposure	1 408	68	1 039	450	54	57	5 393	227	820

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2008	2007	2008	2007
AUD 1	6.5648	5.6710	7.6579	6.0062
GBP 1	14.6447	14.2333	15.8925	14.1798
EURO 1	10.7631	9.4103	12.5080	9.5447

Sensitivity analysis

A 10 percent strengthening of the Rand against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Equity R'000	Profit or loss R'000
30 June 2008		
EURO	(11 235)	(43)
GBP	(870)	(46)
AUD	1 863	1 217
30 June 2007		
EURO	(26 208)	(161)
GBP	(1 887)	71
AUD	216	143

A 10 percent weakening of the Rand against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

Interest rate risk

The group adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis as far as possible. No derivative instruments are used.

Finance income and expense recognised in profit or loss

	2008 R'000	2007 R'000
Interest income on bank deposits	4 820	3 147
Interest income on financial assets measured at amortised cost	1 600	1 628
Finance income	6 420	4 775
Interest expense on financial liabilities measured at amortised cost	(1 568)	(1 021)
Finance expense	(1 568)	(1 021)
Net finance income recognised in profit or loss	4 852	3 754

Finance income and expense recognised directly in equity

Foreign currency translation differences for foreign operations	23 260	1 678
Foreign exchange loss on net investment in foreign subsidiaries	(4 751)	-
Net finance income recognised directly in equity	18 509	1 678

Interest rate risk profile

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	Carrying amount	
	2008 R'000	2007 R'000
Fixed rate instruments		
Financial assets	2 822	4 342
Financial liabilities	660	-
Variable rate instruments		
Financial assets	69 431	45 134
Financial liabilities	20 972	4 088

The loan to Trinity Leisure Ltd (refer note 11.1) was interest-free up to 30 June 2008 whereafter it became interest-bearing at a rate equal to the United Kingdom base rate plus two percentage points. This loan is consequently not included in the table above. The carrying value as at year-end is R10.039 million (2007: R10.316 million).

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis is performed on the same basis for 2007.

	Profit or loss	
	50 bp increase R'000	50 bp decrease R'000
30 June 2008		
Variable rate assets	286	(286)
Variable rate liabilities	(41)	41
Cash flow sensitivity (net)	245	(245)
30 June 2007		
Variable rate assets	227	(227)
Variable rate liabilities	(30)	30
Cash flow sensitivity (net)	197	(197)

The group accounts for fixed rate instruments at amortised cost. Therefore a change in interest rates at the reporting date would not affect profit or loss.

37.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, the level of distributions to ordinary shareholders, as well as the return on capital (defined as total shareholders' equity, excluding minority interests).

From time to time the group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the group's management share incentive scheme. The group does not have a defined share buy-back plan. However, depending on the availability of cash, prevailing market prices and committed capital expenditure, shares may be re-purchased.

There were no changes in the group's approach to capital management during the year.

In terms of existing loan covenants, the group's main local operating entity, Spur Group (Pty) Ltd, may not increase indebtedness by more than R20 million without the permission of the financier of the facilities referred to under liquidity risk. In addition, opening cash plus earnings before interest, tax, depreciation and amortisation, less investment in working capital, taxation paid and capital expenditure divided by net interest plus capital loan repayments must be equal to or greater than 1.3.

37.5 Fair values

At the balance sheet date the carrying values of the group's financial instruments on the balance sheet approximate their fair values.

The fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements. In the event of interest-free loans without any repayment terms, the fair value is considered to approximate the carrying value.

The fair value of trade and other receivables and loan receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

38 ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE ADOPTED

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these consolidated financial statements. Those standards and interpretations which are potentially applicable to the group are presented below.

IFRIC13 – Customer Loyalty Programmes

This interpretation requires that some of the proceeds of the initial sale giving rise to loyalty award credits be allocated to the award credits and deferred until the organisation has fulfilled its obligations in respect of the award credits. The consideration allocated to the award credits is measured at fair value. This is effective for the group's 2009 financial statements and is not expected to have any material effect on the group.

IAS23 – Borrowing Costs

This revised standard requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset must be capitalised. This is effective for the group's 2010 financial statements. This change will impact the group to the extent that the group undertakes the production of any qualifying asset.

IFRS8 – Operating Segments

This standard extends the scope of segmental reporting. This is effective for the group's 2010 financial statements and will require changes to the way in which the group discloses segmental information.

IFRS2 – Share-based Payments: Vesting Conditions and Cancellations

These amendments change the application of vesting and non-vesting conditions to equity-settled share-based payments. The amendments are effective for the group's 2010 financial statements and are not anticipated to have a material effect on the group.

IFRS3 – Business Combinations

Changes to this standard increase the scope of the definition of "Business Combinations", prohibits the capitalisation of transaction costs and requires initial recognition of contingent purchase considerations at fair value on acquisition date regardless of the possibility of meeting the contingent event. These changes are effective for the group's 2010 financial statements and will impact future business combinations that occur after 1 July 2009.

IAS1 – Presentation of Financial Statements

This standard requires certain changes to the presentation of the financial statements. The standard requires that all non-owner changes in equity be presented together with owner changes in equity. This will require a new "Statement of Comprehensive Income" from the group's 2010 financial year.

IAS27 – Consolidated and Separate Financial Statements

Amendments to this statement require changes to accounting for changes in the non-controlling (or minority) interest in a subsidiary and the loss of control in a subsidiary. Losses may be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit. These changes will be applicable prospectively from the group's 2010 financial year.

IAS32 – Financial Instruments: Presentation

Amendments to this standard deal with puttable financial instruments and instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. These amendments are applicable for the group's 2010 financial statements and are not expected to have a significant impact on the group.

39 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Judgements made in applying the group's accounting policies that potentially have a significant effect on the amounts recognised in the financial statements are as follows:

Deferred tax

In the group, each entity determines the recoverability of deferred tax assets and the recognition of computed tax losses. The recognition is based on the entities' ability to utilise these computed tax losses based on expected future taxable income. In note 7 the total unrecognised computed tax losses are disclosed.

Financial assets

Certain assumptions are made in respect of the recoverability of the group's financial assets. These assets mainly cover loans receivable from associate companies and third parties and trade receivables.

At each balance sheet date the group evaluates whether there is any objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is determined, excluding future irrecoverable debts that have not been incurred. Refer notes 6.3 and 15 for the amount of impairment allowance reversed and recognised against loan receivables and trade receivables.

Revenue

The group has certain franchisees operating in hyperinflationary economies in Africa. Although royalty income has been collected from the franchisees and deposited into bank accounts, the related revenue and cash balances have not been recognised in the financial statements due to the inability of the group to repatriate the funds. The cumulative unrecognised royalty income amounted to Rnil as a result of the exchange rate between the Zimbabwean Dollar and the Euro (2007: R2.346 million).

40 RESTATEMENT OF BALANCE SHEET COMPARATIVES

The classification of deferred tax assets and liabilities was restated for 2007 as a result of the adoption of IFRIC11 - Scope of IFRS2: Group and Treasury Transactions, by a subsidiary company of the group. A deferred tax asset that was previously recognised on consolidation and classified as a deferred tax asset is now recognised at a subsidiary level resulting in the reclassification from deferred tax assets to deferred tax liabilities in the consolidated financial statements. The impact is as follows:

	As previously reported R'000	Reclassification R'000	Restated R'000
Deferred tax assets	24 648	(9 036)	15 612
Deferred tax liabilities	(43 288)	9 036	(34 252)

INCOME STATEMENT

for the year ended 30 June

	Note	2008 R'000	2007 R'000
Finance income		84	159
Operating expenses		(2)	(10)
Profit before tax		82	149
Tax	1	(23)	(43)
Profit for the year		59	106

BALANCE SHEET

at 30 June

	Note	2008 R'000	2007 R'000*
ASSETS			
Non-current assets			
Interest in subsidiary companies	2	26 218	78 586
Current assets			
Tax receivable		23	-
Cash and cash equivalents		704	1 800
Total current assets		727	1 800
TOTAL ASSETS		26 945	80 386
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	3	1	1
Share premium		11 331	66 982
Share-based payments reserve		7 413	5 295
Accumulated loss		(157)	(216)
Total capital and reserves		18 588	72 062
Non-current liability			
Loan from subsidiary company	4	8 000	8 000
Current liabilities			
Trade and other payables		5	5
Tax payable		-	17
Shareholders for distribution		352	302
Total current liabilities		357	324
TOTAL EQUITY AND LIABILITIES		26 945	80 386

* Restated for change in accounting policy. Refer note 5.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Note	Ordinary share capital R'000	Share premium R'000	Share-based payments reserve R'000	Accumulated loss R'000	Total R'000
Balance at 1 July 2006 restated		1	116 775	3 177	(322)	119 631
Balance at 1 July 2006 as previously reported		1	116 775		(322)	116 454
Change in accounting policy	5			3 177		3 177
Profit for the year					106	106
Share-based payments	6			2 118		2 118
Distributions			(49 793)			(49 793)
Balance at 30 June 2007 restated		1	66 982	5 295	(216)	72 062
Profit for the year					59	59
Share-based payments	6			2 118		2 118
Distributions			(55 651)			(55 651)
Balance at 30 June 2008		1	11 331	7 413	(157)	18 588

CASH FLOW STATEMENT

for the year ended 30 June

	Note	2008 R'000	2007 R'000
Cash flow from operating activities			
Operating expenses		(2)	(10)
Finance income		84	159
Tax (paid)/received	7	(63)	56
Distributions paid	8	(55 601)	(49 863)
Net cash flow from operating activities		(55 582)	(49 658)
Cash flow from investing activities			
Decrease in amounts due by subsidiary companies		54 486	49 793
Net cash flow from investing activities		54 486	49 793
Net movement in cash and cash equivalents		(1 096)	135
Cash and cash equivalents at beginning of year		1 800	1 665
Cash and cash equivalents at end of year		704	1 800

Notes to the Company

FINANCIAL STATEMENTS

1 TAX

	2008 R'000	2007 R'000
Current tax	23	43
Effective rate and South African normal tax rate	28%	29%

2 INTEREST IN SUBSIDIARY COMPANIES

	2008 R'000	2007 R'000
Shares at cost less impairment and amounts written off	1	1
Equity-settled share-based payments on behalf of subsidiary (refer notes 5 and 6)	7 413	5 295
Loans to subsidiary companies	18 804	73 290
	26 218	78 586

Loans due from subsidiary companies are unsecured, interest-free and no fixed dates of repayment have been determined. Refer to directors' report for details of subsidiary companies and loans.

3 ORDINARY SHARE CAPITAL

	2008 R'000	2007 R'000
Authorised		
201 000 000 ordinary shares of 0.001 cents each	2	2
Issued		
97 632 833 ordinary shares of 0.001 cents each	1	1

4 LOAN FROM SUBSIDIARY COMPANY

	2008 R'000	2007 R'000
Loan from Share Buy-Back (Pty) Ltd	8 000	8 000

This loan is unsecured and bears no interest. The company has the unconditional right to defer settlement of the loan for at least 12 months after the balance sheet date.

5 CHANGE IN ACCOUNTING POLICY

During the year, the company changed its accounting policy for equity-settled share-based payments where the company has granted participation rights in its own shares to employees of a subsidiary company ("the Payments"). Previously, only the subsidiary that employed the employees impacted by the Payments accounted for the Payments in accordance with IFRS 2 - Share-based Payments. The company now reflects the cost attributed to the Payments, determined at the grant date, over the vesting period of the rights as an increase in equity and a further investment in that subsidiary. The change was necessary in order to comply with IFRS 2 and IFRIC 11 - Group and Treasury Share Transactions. Comparatives have been restated.

The change has no impact on reported profit. The impact of the change in policy on equity and the balance sheet is set out below:

	R'000
Increase in share-based payments reserve and interest in subsidiary companies:	
- cumulative up to 30 June 2006	3 177
- for the year to 30 June 2007	2 118
	<hr/>
- cumulative up to 30 June 2007	5 295
	<hr/>

6 SHARE-BASED PAYMENTS

The company has granted shares/options to employees of a subsidiary. The details of these shares/options are included in note 18 of the notes to the group consolidated financial statements included in this report.

7 TAX (PAID)/RECEIVED

	2008 R'000	2007 R'000
Tax (paid)/received is reconciled to the amount disclosed in the income statement as follows:		
Amount (payable)/receivable at beginning of year	(17)	82
Amount charged to income statement	(23)	(43)
Amount (receivable)/payable at end of year	(23)	17
	<hr/>	<hr/>
	(63)	56
	<hr/>	<hr/>

8 DISTRIBUTIONS PAID

	2008 R'000	2007 R'000
Distributions paid are reconciled to the amount disclosed as follows:		
Amount payable at beginning of year	(302)	(372)
Reduction in share premium	(55 651)	(49 793)
Amount payable at end of year	352	302
	<hr/>	<hr/>
	(55 601)	(49 863)
	<hr/>	<hr/>

9 GUARANTEES

The company has provided guarantees to the value of R70.0 million (2007: R12.0 million) to financial institutions on behalf of certain subsidiary companies.

NOTICE OF

ANNUAL GENERAL MEETING

Spur Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR ISIN: ZAE 000022653
("the company")

NOTICE IS HEREBY GIVEN that the next annual general meeting of the shareholders of the company will be held at 11:00 on Friday 5 December 2008 at 2 Edison Way, Century Gate Business Park, Century City, Cape Town to conduct the following business:

1. Ordinary Resolution Number 1: The adoption of the Annual Financial Statements

"To receive and adopt the Annual Financial Statements for the financial year ended 30 June 2008, including the Directors' Report and the Report of the Auditor therein."

2. Ordinary Resolution Number 2: The re-appointment of Directors

"To re-elect the following directors who, in terms of the company's articles of association retire at the annual general meeting, but, being eligible, offer themselves for re-election: Pierre van Tonder, Ronel van Dijk, Dean Hyde and Mark Farrelly. Such re-elections are to be voted on individually unless a resolution is agreed to by the meeting (without any vote against it) that a single resolution be used." A brief CV of the aforementioned directors is included in pages 10 and 11 of this report.

3. Ordinary Resolution Number 3: The re-appointment of the auditor

"To reappoint the firm KPMG Inc. as auditor of the company for the ensuing period terminating on the conclusion of the next annual general meeting of the company and to authorise the directors to fix the auditor's remuneration for the past year."

4. Ordinary Resolution Number 4: General authority to make payments to shareholders

"Resolved that the directors, subject to Section 90 of the Companies Act (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited ("JSE") and to any other restrictions set out in the mandate, be and are hereby authorised to make payments to shareholders, subject to the following limitations:

4.1 that this authority shall not extend beyond 15 months from the date of this resolution, or the date of the next annual general meeting, whichever is the earlier date; and

4.2 that any general repayment(s) may not exceed 20% of the company's issued share capital, including reserves, but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year."

The purpose of this general authority is to enable the company's directors to return certain excess cash resources to shareholders on a pro rata basis. Additional information required in terms of the Listings Requirements is contained in the special resolution number 1 below.

5. Special Resolution Number 1: The authority to repurchase shares

"Resolved that the company (or one of its wholly owned subsidiaries) may, subject to the Companies Act (Act 61 of 1973), as amended, and the Listings Requirements of the JSE, acquire shares issued by itself or shares in its holding company, as and when deemed appropriate, subject to the following limitations:

5.1 that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;

5.2 that this authority shall not extend beyond 15 months from the date of this resolution or the date of the next annual general meeting, whichever is the earlier date;

- 5.3 that an announcement be made giving such details as may be required in terms of the Listing Requirements of the JSE when the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;
- 5.4 at any one time, the company may only appoint one agent to effect any repurchase;
- 5.5 the repurchase of shares will not take place during a prohibited period and will not affect compliance with the shareholders spread requirements as laid down by the JSE;
- 5.6 the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital at the time this authority is given only; and
- 5.7 the repurchase of shares may not be made at a price greater than 10% above the weighted average traded price of the market value of the shares as determined over the five business days immediately preceding the date on which the transaction was effected."

The reason for this special resolution is, and the effect thereof will be, to grant, in terms of the provisions of the Act and the Listings Requirements of the JSE, and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

In terms of the Listings Requirements of the JSE, the following disclosures are required with reference to the repurchase of the company's shares and the general authority to make payments to shareholders as set out in Ordinary Resolution Number 4 and the Special Resolution above:

Working capital statement

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and the maximum general payments to shareholders, for a period of 12 months after the date of this notice of annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes;
- the working capital resources of the company and the group will be adequate for ordinary business purposes; and
- the company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE, and will not commence any repurchase programme or capital payment until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Litigation statement

Other than disclosed or accounted for in this Annual Report, the directors of the company, whose names are given on pages 10 and 11 of this Annual Report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names are given on pages 10 and 11 of this Annual Report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and the ordinary resolution to authorise payments to shareholders and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution and the ordinary resolution to authorise payments to shareholders contain all information required.

Material changes

Other than the facts and developments reported on in this Annual Report, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this Annual Report and the posting date thereof.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in the Annual Report of which this notice forms part:

Directors and management (*refer to pages 10 to 12*)

Major shareholders of the company (*refer to page 38*)

Directors' interests in the company's shares (*refer to page 38*)

Share capital (*refer to pages 36 and 66*)

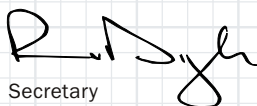
VOTING AND PROXIES

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting in person. Forms of proxy must be completed and received at the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 4 December 2008. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to so do. Dematerialised shareholders, other than with own name registrations, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in his/her stead.

By order of the board
Ronel van Dijk



Secretary
Cape Town
6 October 2008

CORPORATE INFORMATION

DISTRIBUTIONS

Interim distribution	28 cents per share
Record date	20 March 2008
Payment date	25 March 2008
Final distribution	27 cents per share
Record date	3 October 2008
Payment date	6 October 2008
Reports 2008	Interim for six months ended 31 December 2007 published March 2008
	Preliminary announcement for year ended June 2008 published September 2008
	Annual for year ended 30 June 2008 published November 2008

ADMINISTRATION

Registered office	1 Waterford Mews Century Boulevard Century City 7441
Registration number	1998/000828/06
Postal address	P O Box 13034, Woodstock 7915
Telephone	27-21-555-5100
Fax	27-21-555-5444
E-mail	ronelvandijk@spur.co.za
Internet	http://www.spur.co.za
Transfer secretaries	Computershare Investor Services (Pty) Ltd 70 Marshall Street Johannesburg 2001
	PO Box 61051 Marshalltown 2107 Telephone: 27-11-370-5000
Auditors	KPMG Inc.
Attorneys	Bernadt Vukic Potash & Getz
Secretary and registered address	Ronel van Dijk 1 Waterford Mews Century Boulevard Century City 7441

Spur Corporation Limited Proxy Form

Spur Corporation Limited

(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR ISIN: ZAE 000022653
("the Company")

FORM OF PROXY

To be completed by certificated shareholders and dematerialised shareholders with own name registration only. For use in respect of the annual general meeting to be held at 11:00 on 5 December 2008 at 2 Edison Way, Century Gate Business Park, Century City, Cape Town.

Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Forms of proxy must be completed and delivered/posted to the Company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: PO Box 61051, Marshalltown, 2107) to be received by no later than 11:00 on Thursday 4 December 2008.

I/We _____

of _____

being a member of the Company and holding _____ ordinary shares, appoint _____

1. _____ or failing him _____

2. _____ or failing him _____

the chairman of the annual general meeting as my/our proxy to attend and speak and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the Company held for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions (see note 3):

	For	Against	Abstain
Special resolution number 1 - The authority to repurchase shares			
Ordinary resolution number 1 - The adoption of the Annual Financial Statements			
Ordinary resolution number 2 - The re-appointment of Directors			
2.1 Pierre van Tonder			
2.2 Ronel van Dijk			
2.3 Dean Hyde			
2.4 Mark Farrelly			
Ordinary resolution number 3 - The re-appointment of the auditor			
Ordinary resolution number 4 - General authority to make payments to shareholders			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy so appointed need not be a member of the Company.

SIGNED THIS _____ DAY OF _____ 2008.

SIGNATURE _____

CAPACITY AND AUTHORISATION (see note 6)

Please read the notes on the reverse side of this form of proxy.

Notes

1. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his proxy.
5. Where there are joint holders of shares and if more than one of such joint holders is present or represented, then the person whose name appears first in the register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form, unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
7. The completion and lodging of this form of proxy will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to so do.
8. The chairman of the annual general meeting may reject or, provided that he is satisfied as to the manner in which a member wishes to vote, accept any form of proxy which is completed other than in accordance with these instructions.
9. Proxies will only be valid for the purpose of the annual general meeting if received by the Company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (Postal Address: P O Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 4 December 2008.